



THE INDEPENDENT

2.890

40p (IR 45p)

TUESDAY 23 JANUARY 1996

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Votes pact could keep Tories out for years

Lib-Lab talks under
way on PR deal

PATRICIA WYNN DAVIES
Political Correspondent

Tony Blair was last night offered the enticing prospect of Liberal support for at least two parliaments, to keep out the Conservatives and ensure that Britain undertakes vital economic and democratic changes.

As Paddy Ashdown, the Liberal Democrat leader, gave the clearest signal yet of his willingness to construct a post-election relationship with Labour, Westminster sources said that informal talks had already begun between senior figures in both parties over a referendum on introducing a proportional voting system for the Commons.

Mr Ashdown's address last night came amid increasing signs of Tory alarm that a Labour/ Liberal Democrat understanding might have the potential to keep them out of

plebiscite, followed by a parliamentary Bill which would then be put to the British people in a post-legislative referendum.

The Liberal Democrat leader said last night that repairing the damage of Conservative rule and restoring trust in government would involve a significant constitutional programme. But there would also have to be increased educational investment lasting at least a decade, reform of the welfare system, making environmental sustainability the guiding principle of all government policy and forging a new, constructive, attitude to Europe.

This would "not be achievable in a single parliament—nor, I believe, by a single party either," he said.

In a clear development from Mr Ashdown's 1992 speech on pluralist politics at Chard, Somerset—and one that will alarm some within his own party as well as Conservatives—Mr Ashdown said his vision of "partnership politics" would avoid the inevitable "swing of the pendulum" that would return the Tories to power in the election after next.

In a speech conspicuously devoid of stock political attacks on either of the two main parties, Mr Ashdown said: "Partnership politics means parties which are different, distinctive and independent, offering separate choices at the ballot box, but being prepared to work together where they agree and they believe it is in the nation's interest to do so."

In what might well be considered by Mr Blair to be an extremely attractive offer, Mr Ashdown said: "It is as easy, and as effective, for parties to work together across the floor of the House as it is to form a partnership on the Government benches."

A cautious Mr Blair emphasised that a Labour government would have a Labour programme but said: "I have always made it clear that where the Liberal Democrats agree with Labour on certain items of change, for example in modernising Britain's constitution, then we would work with them."

Leading article, page 14
Andrew Marr, page 15



Paddy Ashdown: 'Partnership politics' will stop the Tories

office for a couple of decades. The Liberal-Labour talks are taking place between Robin Cook, the shadow Foreign Secretary, and Robert MacLennan, the Liberal Democrats' spokesman on constitutional affairs.

Mr Cook, a long-time advocate of proportional representation, has overall responsibility for developing Labour policy and chairs the committee that will draw up its election manifesto.

Mr Blair has made a commitment to such a referendum but has said nothing further on key details. The Liberal Democrats are pressing for a cross-party agreement on the precise system that should be put to a

His daughter played and the congregation quietly wept



Parting note: Myfanwy Lawrence plays *Le Cygne* by Saint-Saëns at her father's memorial service

Photograph: Dillon Bryden

as her cello solo filled the giant space of Westminster cathedral.

For 19-year-old Myfanwy Lawrence it was the final farewell to her father, Philip, who was stabbed last month defending a pupil at his west London school.

Unity, her 13-year-old sister, barely visible from behind the lectern, addressed a prayer for forgiveness to the packed congregation of more than 2,000 people—from royalty to fresh-faced adolescents in school blazers.

For the family of Mr Lawrence, it was the final farewell. For the nation, the memorial service yesterday was a last chance to pay tribute to a hero.

Unity's own prayer read: "May we find the strength to overcome anger with love... please help us to pray for my daddy, Philip... we pray for those who miss him so very, very much."

The service, led by Cardinal Basil Hume, the Archbishop of Westminster, was a poignant mixture of private recollection and public accolade. Michael Howard, the Home Secretary, and the Duchess of Kent, were among those who came to pay their respects.

The life of Mr Lawrence, 48, was summed up by his fellow pupils at Ampleforth, his friends from Cambridge University where he studied English, and the pupils he inspired through his teaching career.

One former pupil described the impact Mr Lawrence made on the first day he taught them. "He bounded into our class, produced a daffodil, crushed it, let the petals fall to the ground and asked the shocked class to write about it."

Many smiled with recognition as Patrick Topp, a former colleague, recalled Mr Lawrence's colourful bow-ties and flamboyant waistcoats. He transformed St George's and brought back pride and enthusiasm to the Roman Catholic School.

But it was the image of Mr Lawrence's appetite for life from a university friend that finally moved many in the Cathedral to tears.

"The memories came flooding back... in particular, a hair-raising drive to Chichester in the middle of the night, just because it would be nice to see the dawn rise over the sea."

Mr Lawrence's widow, Frances, who was beside him when he died in hospital after emergency surgery, was also accompanied by their son, Lucien, 8, and their eldest daughter, Marouska, 21.

Speaking in a clear voice, Mrs Lawrence read St Paul's First Letter to the Corinthians: "If I have the gift of faith in all its fullness, to move mountains, but without love, then I am nothing at all," she said.



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Harman: I won't quit over school

DONALD MACINTYRE
Political Editor

Harriet Harman, Labour health spokeswoman, made it clear last night that she would not resign despite attacks from Tories and from critics in her own party over her decision to send her son to a grammar school.

Ms Harman said: "I know the choice has been controversial but I think we made the best choice in the interests of our child. I think most parents would understand that."

Ms Harman's decision to go public in an interview on *Channel 4 News* came after a week-end of Tory attacks on Labour for "hypocrisy" over its anti-selection education policy, mounting criticism in the parliamentary Labour party and stormy scenes in yesterday's Commons education debate.

Ms Harman said she and her husband, TGWU official Jack Dromey, had made the decision to send their 11-year-old son, Joseph, to St Olave's grammar school in Orpington, Kent, because: "We made a choice available on the same terms to all the children in my constituency. This is not a private school, it's a state school."

But Ms Harman was adamant that the move would not change Labour policy op-



posing selection, and which she strongly supported. She pointed out that Labour would not abolish existing grammar schools unless it was the wish of local parents involved.

Earlier Joan Lester, one of Ms Harman's shadow cabinet colleagues, had issued a statement in which she declared that she had supported comprehensive education "throughout my political life". Ms Lester added: "It is not a matter of political correctness, but of political conviction and principle."

Earlier Gillian Shephard, the education secretary, had led a sustained Tory attack on Ms Harman in the Commons.

"Nothing now can hide the basic contradiction and deep division at the heart of Labour education policy," she said. "Choice and diversity for some members of the Labour front bench but clearly stated and off-repeated policy intentions to remove that choice and diversity from everyone else."

David Blunkett, Labour education spokesman, faced repeated barracking from Tory backbenchers when he claimed Labour was in "total unity" on its policy but refused to offer public backing to Ms Harman.

"Every parent in every community, whether they are an MP or not, should have the right to exercise a preference for their child to go to the school of their choice," he said.

Anger within the Labour party surfaced earlier when Gerry Steinberg, chairman of the backbench Labour education committee, resigned in protest at what he called Ms Harman's contradictory stance. Mr Steinberg, MP for Durham City, said: "I have resigned from this position as a matter of protest and principle because I believe the action taken by Harriet Harman is in direct contradiction to Labour's policy on comprehensive education and somebody had to make a stand," he said.

Taxpayers foot ministers' £1m defence bill

CHRIS BLACKHURST
Westminster Correspondent

Ministers have spent nearly £1m of taxpayers' money on legal advice in countering criticisms in the Scott arms to Iraq inquiry.

According to a series of Parliamentary answers, the biggest spender was the Foreign Office which has paid more than £318,000 for advice for Lord Howe, the former Foreign Secretary, and William Waldegrave, the current Chief Secretary to the Treasury who served as Minister of State under Lord Howe. Others who came under the Foreign Office banner were Tim Renton and David Mellor.

The Department of Trade and Industry spent £293,870 on lawyers to help former senior ministers Peter Lilley, Michael Heseltine and Paul Channon, and ex-junior ministers Alan Clark and Lord Trefgarne.

The Attorney General Sir Nicholas Lyell's department spent £71,542 on legal advice. In addition to Sir Nicholas, another five of the former and current ministers who had their legal bills paid by the taxpayer, are also QCs.

A series of Parliamentary answers to Alan Williams, Labour MP for Swansea West

and a member of the Commons Public Accounts Committee, disclosed the extent to which ministers have sought legal advice ahead of the Scott report, expected next month.

One of those Cabinet ministers thought to have escaped censure is Malcolm Rifkind, the Foreign Secretary. He was one of four ministers who signed Public Interest Immunity Certificates in the Matrix Churchill case, denying the defendants access to evidence helpful to their case. Mr Rifkind is one of three former MoD ministers to have had their legal bills covered by his old department—the others are Lord Trefgarne and Mr Clark, who were both at defence as well as DTI. A legal bill of £215,862 for the MoD may indicate how much effort was expended on Mr Rifkind's behalf.

Sir Nicholas and Mr Waldegrave are expected to be the focus of Scott's criticism among serving members of the Government. As Attorney-General Sir Nicholas advised ministers on the signing of the gagging orders or PII Cs. They are expected to blame Sir Nicholas.

The Treasury is the only other department to have sought legal advice for its former and current ministers, spending £60,110.

section
ONE

BUSINESS 16-20 COMMENT 14,15 CROSSWORD 24 LAW REPORT 12 LEADING ARTICLES 14
LETTERS 14 NEWS 2-10 OBITUARIES 12 SHARES 19 SPORT 21-24 UNIT TRUSTS 20

section
TWO

ARTS 6-10 CHESS 22 CONSUMING 11 CROSSWORD 22 FASHION 12,13 LISTINGS 20,21
MEDIA 16-19 REVIEWS 10 SCIENCE 14,15 TELEVISION & RADIO 23,24 WEATHER 21

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news

Labour expels 250 in power struggle

WILL BENNETT

Violence and intimidation at meetings and the recruitment of 250 members in breach of the rulebook have been uncovered by an internal Labour Party investigation into a power struggle in three Birmingham constituencies.

Labour will expel the 250 members, who were not listed on the local electoral roll as required by party rules. The inquiry was into allegations that factions in Perry Bar, Ladywood and Sparkbrook had recruited people to try to influence the se-

lection of parliamentary and council candidates.

Some members were said to have been recruited without their knowledge, others may have been bogus names and there were allegations that block membership subscriptions had been paid often using bundles of postal orders.

The struggle is going on because four safe Labour seats in the inner city have been reduced to three by boundary changes. Although Roy Hattersley, the party's former deputy leader, has decided to stand down as MP for Sparkbrook, this has

not ended the manoeuvring. All the constituencies have large numbers of Asian voters and in some council wards non-white residents comprise more than 60 per cent of the population. Most of the 4,000 Labour Party members in the three constituencies are Asian.

There is strong feeling among them that at least one MP should be non-white and two leading local Asian politicians are known to be interested in challenging Roger Goddard, whose Small Heath constituency is to disappear for the Sparkbrook nomination.

The three constituency parties and their Parliamentary selection procedures have been frozen since last year when Labour announced the inquiry into allegations about membership irregularities and claims that party members had been given preferential allocation of housing repair grants.

The inquiry, carried out by four members of the party's National Executive Committee, was unable to prove or disprove the grants allegations but found that 250 party members were not on the electoral roll as required, a discovery which

they described as "disturbing". The investigators interviewed local party officials and the four current local MPs, Clare Short, Jeff Rooker, Mr Goddard and Mr Hattersley, before producing two confidential reports for Labour's Development and Organisation Directorate.

The first said: "The discussions centred on allegations of membership abuse, namely that large numbers of party members had been recruited into the party without their knowledge and furthermore had their subscriptions paid for them by someone else."

"It was said that these alleged actions were all designed to influence the selection of council candidates and parliamentary candidates. Allegations were also made concerning the packing of selection meetings for council candidates with supporters of rival candidates."

"Allegations were also made that some party members were also members of the Tory Party and leafleted for the Tories at elections. Some party members also alleged that they had been attacked by party members during election campaigns."

In their second report the investigators said that annual general meetings in the three constituencies "are often characterised by intimidation and violence." They added: "Factions are recruiting members for their own political ends."

The expulsions are likely to take place in May but some local party activists are suspicious that the NEC wants to keep the constituency parties suspended for as long as possible and then impose Ms Short, Mr Rooker and Mr Goddard as candidates just before the next general election.

IN BRIEF

Man who killed burglar in clear

A businessman will not be prosecuted over the death of an intruder he confronted at his home, the Crown Prosecution Service said yesterday.

Robert Ingham, 22, died following a struggle with Miklos Baumgartner, 53, at his home at Ockbrook, Derby, last month. A post mortem examination found Mr Ingham died from a neck injury consistent with Mr Baumgartner's description of the struggle, which split over into the front garden.

A CPS spokeswoman said: "The evidence has been considered and it is insufficient to justify criminal proceedings."

Fake doctor jailed

An aerobics instructor who admitted posing as a doctor to treat a string of patients was jailed for six months. Christopher Payne, 33, described as a "Walter Mitty" character whose only medical expertise was four months as a nurse in his native South Africa, charged up to £18 a time to inject women in the buttocks, Southwark Crown Court was told.

TV row on hold

The High Court reserved judgment to a later date on whether the Independent Television Commission's decision to award the licence for operating the fifth television channel to Channel 5 Broadcasting was "legally unreasonable". Rival bidders Virgin Television, New Century Television and UKTV argued the ITC had wrongly allowed CSB to enhance its offer after the deadline for bids.

Royal resignation

The private secretary to the Princess of Wales resigned, Buckingham Palace confirmed. Patrick Jephson, 39, dismissed speculation he quit after the princess failed to inform him of her controversial Panorama television interview last year.

Arabian knife

A curved Arab dagger used by Lawrence of Arabia is on sale in a bookshop for £5,000. The knife, given by T.E. Lawrence to Isaac Webb, works manager at the Brough motorcycle factory, is being sold by Richard Watkins, a book and prints dealer from Stoke sub Hamdon, in Somerset.

Health row: Expert attacks lack of ministerial action over nationwide shortage of specialist paediatric units

Act now call over child care crisis

JAMES CUSICK

Specialist intensive care treatment for sick children in Britain is still likely to be at crisis point beyond 2000, according to a leading member of the British Paediatric Association.

With a Government health spokesman stating yesterday there would no decision on funding for intensive care beds or clinical staff for children before the outcome of a long-term study was analysed, the Department of Health's wait-and-see approach was heavily criticised by Dr David Scott, a consultant at the Conquest hospital in Hastings, east Sussex, and a council member of the BPA. "We all know what should be done, but at the moment there is no national strategy," Dr Scott said.

With the Department of Health only recently commissioning a detailed study on child intensive care to be carried out by the Medical Research Council, Dr Scott said that by the time the report was delivered and then acted upon "it may be too late".

Yesterday, *The Independent* revealed that in the past year alone at least 300 children have been denied urgent medical treatment because of a nationwide shortage of resources in paediatric intensive care units (ICUs).

The crisis, currently stretching staff at some of Britain's top hospitals, comes two years after a Government promise to improve child intensive care resources.

A Department of Health spokesman said that no immediate action would be taken until the MRC report was

delivered and studied. The spokesman said: "This is an in-depth study of the 17 paediatric ICUs. However, till this report is delivered we are considering a national data base of available ICU beds that will improve the service."

Despite the Department of Health emphasising the importance of the MRC study, Stephen Dorrell, the Secretary of State for Health, is not without crucial current information on which to base future ICU strategy in the National Health Service.

Three reports by the BPA since 1992 have highlighted the inadequacy in the current level of paediatric ICU resources. A further BPA survey is expected to be completed in the next two or three weeks.

Shortages of both trained specialist nurses and physicians, and a shortage of beds in specialist units, is predicted to be the likely outcome of the study. As intensive care medicine for children has developed in recent years, it has become an effective victim of its own success. Adult intensive care units no longer hold the expertise to deal with seriously sick children.

Dr Scott said: "We have proved that the more energetically we improve this specialism, the better the results. Demand and pressure on paediatric ICUs has subsequently increased."

Issuing a warning to Mr Dorrell that he should not waste valuable time, Dr Scott said: "It takes time to train specialist staff. So there is bound to be a time lag between the Government acting on MRC study and realising results. We should be beginning the process now."



One of the lucky ones: Emily Day, 13, who is recovering from meningitis, with her father, Tony, at Leeds General Infirmary. Photograph: Asadour Guezalier

Wards working on goodwill and overtime

GLENDA COOPER

"I run this intensive care unit on goodwill and overtime" said Carol Tate, nurse manager at Leeds General Infirmary. "I'm guilty of putting pressure on people to work - it makes you feel like you're blackmailing people."

Nurses at the children's intensive care unit at the hospital are meant to work thirty seven and a half hours a week

in twelve-hour shifts. It can end up 20 hours more than that and still there is an acute bed shortage. The infirmary turned away 80 children from its ICU last year. On New Year's Day alone Dr Mark Darowski, a consultant, turned away six and has turned away 14 in all so far this month.

He estimates that bed occupancy can be as high as 120 per cent and is usually running at 90 to 100 per cent. There are five beds funded but the unit often runs six relying on nurses working overtime. Dr Darowski would like ten beds.

"We're moving children right

across the country" he said. "We took one child from Burnley the other day - that's 90 miles the family are having to travel so the pressure is unrelenting."

The unit itself is small with no windows, a few mobiles brighten up the room as anxious parents keep vigil around the beds. A nurse sits calmly at every one alternately talking to the parents and jumping up as monitor alarms go off.

The winter months are the worst with the majority of children admitted with respiratory illness or meningitis. "It starts around November, we're expecting a breather at the end of

February" said Dr Darowski wryly.

Across town at St James's University Hospital the situation is equally grim. There is no separate paediatric unit and children are cared for in the adult ICU.

There are a possible 18 beds but only 11 are open because of a shortfall in funding.

Dr Andrew Cohen, his clinical director said that they had even been approached by Alder Hey, a large children's hospital in Liverpool.

But for St James's the bed shortage is not the only problem: recruiting trained nurses is

equally bad. "It's an intensely stressful job," said Dr Cohen. "You don't get people to go down the mines unless you pay them to do so. It should be the same principle here."

In the unit at Leeds General Infirmary that quality of care does not go unnoticed. As 13-year-old Emily Day, rushed in a week ago with meningitis, prepared to go home after 24-hour care at the unit, her mother, Lynne, said: "The care has been unbelievable. They never stopped. They did everything and I can never thank them enough for saving my daughter's life."

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Stock market flotation for Orange phones

PETER RODGERS
Business Editor

Orange, the rapidly growing cellular telephone company launched less than two years ago, is to be floated on the stock market in March for around £2.8bn, making a new fortune for a wealthy Hong Kong businessman.

The expected flotation price will put a £1.5bn tag on a stake controlled by Li Ka-Shing, head of the Hutchison Whampoa group of companies, and also a £700m valuation on minority shares held by British Aerospace, which was a founding partner in the venture.

Orange has only 7 per cent of the more than 5 million customers in the highly competitive cellular telephone market, which is dominated by Vodafone and Cellnet, the first two companies to be granted licences to operate in Britain. However, from a standing start Orange has grabbed a quarter of the much faster growing digital cellphone section of the market, which experts think will eventually take over most of the business.

Orange said it now had more than 400,000 subscribers and claimed it was taking 30,000 new customers a month from among the 100,000 who are signing up for digital phones, which give much higher quality and security from tapping.

Two-thirds of new cellular telephone customers are now

opting for digital. Orange has also introduced new tariffs to challenge Vodafone and Cellnet.

Orange customers are to be mailed with offers of shares, but they will not be given any special incentives to invest. Hans Snook, managing director of Orange, said: "We don't want to distort the investment decision by offering short term incentives."

Its growth over less than two years since the launch of the service in April 1994 has taken the City by surprise, partly because the track record of Hutchison in the UK had been poor. It was previously the controlling shareholder in the Rabbit telepoint system, in which subscribers could use their phones only near signposted communications points. Rabbit was eventually abandoned.

The company plans to raise £700m in cash by selling a 25 per cent stake in Orange in the share flotation, which will be aimed mainly at professional investors in London, Europe, the US and the Far East. Most of the money will be used to pay off a £700m loan to Orange made by Hutchison and BAE.

After the flotation, Hutchison will control 55 per cent and BAE 25 per cent of the company.

Orange's shareholders have invested £1.1bn of a planned total of £1.7bn in the project, and before Christmas they arranged a borrowing facility of £1.2bn from 49 international banks.

City comment, page 17

Policeman found dead on mountain

JOHN ARLIDGE
Scotland Correspondent

Police rescue teams scouring a Scottish mountain for an injured colleague, who fell into a gully on Sunday, found the body of Detective Sergeant Chris Leggat, 43, yesterday.

Det Sgt Leggat, who was stationed at Strathclyde Police headquarters in Glasgow, spent Sunday night on the 3,000-foot Ben Inne in Argyll in freezing conditions after rescuers failed to reach him. Severe weather forced rescue teams, supported by a Royal Navy helicopter, to call off their search.

At first light yesterday members of Strathclyde Police mountain rescue team joined civilian Arrochar mountain rescuers to comb the mist-shrouded hill. They were supported by a Sea King helicopter from Prestwick.

Det Sgt Leggat, of Inchinnan, Strathclyde, who was married with two sons, was found in the gully where he fell. He had been descending with a companion when he stumbled.

The other man raised the alarm. Det Sgt Leggat's body was taken to base camp in Arrochar last night. Police said his relatives had been informed.

In a separate incident, mountain rescuers called off their search for a man believed to be lost near Glen Dubh, Newtonmore. The climber is thought to have abandoned his plans to take to the hills.

Cabinet weighs Mitchell report on Irish peace

COLIN BROWN
Chief Political Correspondent

A Cabinet committee will today decide Britain's response to the Mitchell Commission report on the decommissioning of paramilitary weapons to put the Northern Ireland peace process back on track.

The report could herald a move in the Province to elect negotiating teams for the all-party talks on the long-term government of Northern Ireland.

The outcome could have a bearing on John Major's hopes of holding on to power for another year. He cannot afford to upset the Ulster Unionists, on whose votes he may have to depend.

Ministers received the report last night from the commission under United States Senator George Mitchell and it will be made public tomorrow. Mr Major is expected to speak to John Bruton, the Irish Prime Minister, today to agree a joint response to the report.

The report is expected to endorse the idea of an elected body in Northern Ireland, but not a full power-sharing assembly as proposed by the Ulster Unionists. That option was firmly rejected by Dublin and the Social and Democratic Labour Party leader, John Hume.

British ministers are keen on the idea of holding early elections to the body, which could appoint negotiating teams, to

put Sinn Fein's public support to the test. They believe it would intensify the pressure on the IRA to begin decommissioning of weapons.

The Mitchell Commission is expected to conclude that the IRA could be encouraged to begin decommissioning its arms, possibly through a third party, acting as an independent monitor.

The timing of the decommissioning remains the most difficult issue facing the two governments. Dublin has been trying to persuade London to drop its precondition that the IRA begin decommissioning before Sinn Fein can be admitted to all-party talks, but Mr Major has said the Ulster Unionists will not sit down at the negotiating table if the arms question has not been dealt with.

The Ulster Unionists are holding to the "arms before talks" formula, while Sinn Fein and the Dublin government are pressing for "talks before arms". It is unlikely the Mitchell Commission will have found a way round that impasse, but the elections could offer a way through.

The talks could go ahead in April, if the two governments agree. They would then challenge Sinn Fein to seek support for their views. The elected body would not run services, but would appoint teams to negotiate in private the future framework for Ulster.

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Golden touch puts Jane Austen on top in Hollywood

MARIANNE MACDONALD
Media Correspondent

Emma Thompson was celebrating yesterday after winning two prestigious Golden Globe awards for *Sense and Sensibility*, the Jane Austen novel which she adapted for the big screen and in which she stars as Elinor Dashwood.

The 36-year-old actress accepted the awards - for screen-writing and best dramatic picture - on Sunday night, with a speech that might have been written by the 19th Century novelist. "It is a privilege to be here," she told the Los Angeles audience.

Industry experts are predicting that her humorous adaptation, which goes on cinematic release in Britain on 23 February, could take some £50m in worldwide box office receipts.

Ms Thompson split up with her husband, Kenneth Branagh, during the filming last year and became close to co-star Greg Wise, 29, who plays the cad, John Willoughby.

The Austen phenomenon has been fuelled by Bloomsbury's publication of Ms Thompson's screenplay and diaries of the filming process - and by a tie-in version of the novel.

A Penguin account of the making of the BBC series of *Pride and Prejudice* has experienced "absolutely astonishing" sales of 112,000 since it went on

sale in September, while its own tie-in version of the novel, with co-stars Colin Firth and Jennifer Ehle on the cover, has also clocked up sales of 148,000 since August.

That *Sense and Sensibility* should bag two Golden Globe awards - which are seen as pointers to the Oscars - shows the commercial potential of Austen in America.

The film has taken \$13.5m since it opened in the US six weeks ago, even though it has only been on small-scale release. The BBC series of *Pride and Prejudice* was watched by an average 11.1m US households on three consecutive nights last week.

Meanwhile *Persuasion*, BBC Films' subtle adaptation, just beginning its cinematic release over here, has grossed \$4m in America and features on 20 US film critics' top ten lists of films for 1995. *Time* magazine and the *New York Post* both placed it at number one.

Alison Thompson, who has been selling *Persuasion* abroad, describes its success in the States as "absolutely extraordinary". She admits: "I heard that an LA agent had said: 'Let's get this Jane Austen woman on the phone'."

"The bottom line is that she tells damn good stories," says Fiona Finlay, the producer of *Persuasion*.

America loves Jane, page 15



America's favourites: Kate Winslett (left) as Marianne Dashwood and Emma Thompson as Elinor Dashwood in 'Sense and Sensibility'

Concern grows over bride, aged 13

CLARE GARNER

Concern for the welfare of a 13-year-old girl who dropped out of school to marry a Turkish waiter she met on a family holiday was growing last night, as her parents stood by their daughter's decision.

Sarah Cook, from Braintree, Essex, fell for Musa Kumeagae, 18, when she was just 12. She underwent a Turkish religious marriage ceremony attended by her parents, Adrian, 42, and Jackie, 39, two weeks ago. She is now living in Kahramanmaraş, a remote town in south-eastern Turkey.

Essex social services have asked Sarah's parents to discuss the situation at a meeting today. Colin Davis, a social services spokesman, said: "That's all we can hope to do. The Foreign Office has advised us that while Sarah is in Turkey there is nothing we can do because she is there with parental consent. That's the situation we are faced with."

Richard Snelling, headmaster of Tabor High School, in Braintree, which Sarah used to attend, said yesterday: "We are talking about a very young girl. She's only just 13. She has four years of education ahead of her in England, so it's a real concern." He stressed that the 850-pupil school would welcome Sarah back at the first opportunity. "We would very much like that to happen but it doesn't look very likely at the moment," he added.

Mr Snelling became worried about Sarah last November when she failed to return to school after spending half-term in Turkey. "We alerted the education welfare officer and, in turn, the social services, and they then took the issue up and dealt with the parents. From that point, Sarah did not come back to school," he said.

Sarah was taken off the school roll by the local education authority after her parents said she would receive schooling abroad. But Mr Snelling said yesterday he believed she was not being taught in Turkey.

Mr Kumeagae reportedly worked as a waiter in the hotel in where the family stayed last summer. He is believed to have proposed to Sarah while she was still 12, after a three-day fling in the Mediterranean resort of Elanya.

Mrs Cook told the *Sun* newspaper that she and her husband had been powerless to stop their "strong-willed" daughter falling in love. "I don't care what people think about her marrying - because she is loved and happy," she reportedly said. "If I hadn't taken her back to Turkey she would have found a way to get there herself - and we might have lost our little girl forever."

A spokesman for Essex police confirmed that they were holding a meeting later in the week to decide if any offences had been committed. "Obviously we are looking at underage sex," he said. "But these offences took place in Turkey so are effectively out of our jurisdiction. We've got the other issue of a 13-year-old not attending school. There is a legal requirement for a child to attend school unless the parents can prove that adequate educational provision is being provided elsewhere."

A spokeswoman for the Turkish embassy explained that while it is illegal in Turkey to marry under the age of 18, there is a religious ceremony available to younger spouses. "It doesn't happen in cities but in small villages," she said.

Sarah's 18-year-old "husband" could, however, face prosecution for having under age sex with her, according to the embassy official.

In "very extraordinary cases" - and with a judge's permission - girls could marry at 14 and have sex below the normal age of consent, which was 18. But Sarah was too young for such a ruling and her "husband" could be charged with having sex with a girl under the legal age.

The spokeswoman said Sarah had no automatic right to an education in Turkey.

Violent Britain: Vast haul of weapons renews calls for tighter controls □ Kitchen knife in family tragedy

Police knife amnesty nets 40,000 weapons

JASON BENNETTO
Crime Correspondent

About 40,000 knives, machetes, swords and other weapons were handed in at police stations in England and Wales during a four-week amnesty, it was revealed yesterday.

News of the vast haul of lethal implements was greeted by fresh calls from Labour and a chief constable for legislation to restrict the sale and advertisement of knives. The Home Office is currently reviewing the law on dangerous blades, which includes considering action against shops and mail-order firms.

With results from two of the 43 police forces still to come, the total number of weapons handed in had reached 37,600 yesterday. The final figure is expected to be about 40,000.

The weapons were placed in special bins at police stations in England and Wales. Along with kitchen and sheath knives people also left ceremonial swords,

cleavers, flick knives, bayonets, CS gas canisters, air pistols and knuckle dusters. Most will be melted down.

The police said the exercise, which came in response to the murder of headmaster Philip Lawrence, 48, who was stabbed outside his school in Maidstone, west London, had been a "huge success". In the Metropolitan Police area 3,741 knives were handed in. Staffordshire had the highest turn-out with 4,804 weapons. Surprisingly, some forces with large urban areas had relatively few knives given in, such as in Merseyside where the total was 595.

Maria Wallis, Assistant Chief Constable of Sussex Police, who co-ordinated the campaign, said: "We must start getting the message to young people that it is not macho to carry knives."

She added that some of the weapons handed in might be forensically examined if they were believed to have been involved in a specific crime.

Pauline Clare, the Chief Constable of Lancashire

Police, said yesterday that she would support new legislation to outlaw the sale of knives to people without a "legitimate" reason for wanting them. She said sales could be covered by a system of licensing similar to that for firearms.

Sir Paul Condon, Commissioner of the Metropolitan Police, told the Commons Select Committee on Home Affairs last week that he would support new restrictions on the sale and advertisement of blades. He also warned of a growing knife culture among teenage gangs.

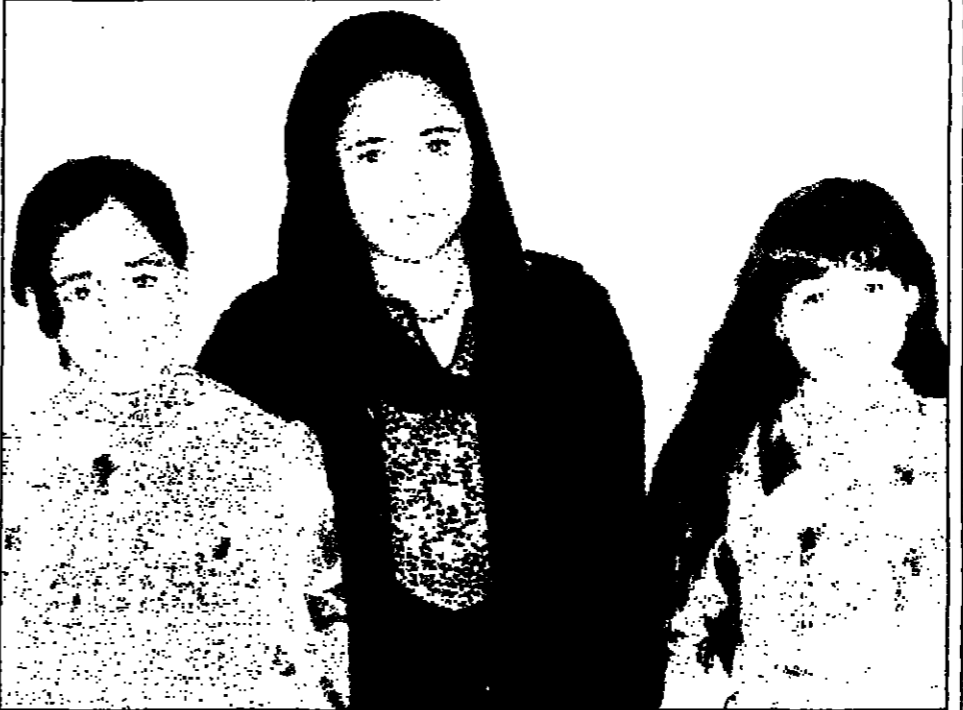
Jack Straw, Labour's home affairs spokesman, yesterday proposed new controls on knives, including a ban on their sale to people under 16 and statutory powers to control the advertising of mail-order sales and the display of military-style blades.

He is also pressing for warning labels to be attached to legitimately sold knives detailing the legal restrictions on carrying them.

The Offensive Weapons

| Police | No of knives |
|--------------------|---------------|
| Avon & Somerset | 624 |
| Bedfordshire | 281 |
| British Transport | 67 |
| Cambridgeshire | 300 |
| Cheshire | 747 |
| City of London | 21 |
| Cleveland | 515 |
| Cumbria | 429 |
| Derbyshire | 1,064 |
| Devon & Cornwall | 1,306 |
| Dorset | 418 |
| Durham | 388 |
| Dyfed-Powys | 289 |
| Essex | 1,024 |
| Gloucestershire | 429 |
| Greater Manchester | 1,397 |
| Gwent | 302 |
| Hampshire | 1,127 |
| Hertfordshire | 754 |
| Humbly Grove | 796 |
| Lancashire | 1,064 |
| Leicestershire | 884 |
| Lincolnshire | 649 |
| Merseyside | 595 |
| Metropolitan | 3,936 |
| Northamptonshire | 645 |
| Northumbria | 666 |
| North Wales | 776 |
| North Yorkshire | 739 |
| Nottinghamshire | 945 |
| South Wales | 804 |
| South Yorkshire | 527 |
| Staffordshire | 4,804 |
| Suffolk | 602 |
| Sussex | 1,424 |
| Thames Valley | 1,500 |
| Warwickshire | 427 |
| West Mercia | 835 |
| West Midlands | 1,318 |
| West Yorkshire | 945 |
| Wiltshire | 506 |
| Total | 37,578 |

NB Kent & Norfolk yet to issue figures



The dead girls: From left, Saema, 11, Saequ, 14, and Uzma, 9 Photograph: Reuter

Man in court charged with his wife's murder

A 38-year-old man appeared before magistrates yesterday charged with the murder of his estranged wife outside a busy railway station.

Khalid Mahmood, of West Grove in the Montpelier area of Bristol, spoke only to confirm his name and address during the 10-minute appearance at Birmingham magistrates' court.

He was remanded in police custody until 25 January. Reporting restrictions were not lifted by the court.

Mr Mahmood is charged with the murder of 35-year-old Imtiaz Begum, who was stabbed to death in the short-stay car park at Birmingham New Street railway station last Saturday afternoon.

Police have confirmed that she had been a resident at a women's refuge in the Edgbaston area of the city for the past three months.

Following her stabbing, her two-year-old son, Hasan, was found in the back of a car parked at the station. It is believed that he had been strangled.

A kitchen knife with an eight-inch blade was found at the scene.

Three other children, all girls, were found dead in an upstairs bedroom at a house in Bristol. Formal identification of the girls' bodies was due to take place yesterday but it was believed they were Saequ, 14, Saema, 11, and Uzma, 9, three of Mrs Begum's six children.

Two of the girls had their throats cut and the other had died from multiple stab wounds.

Two other children, Talar Mahmood, 15, and Asad Mahmood, 12, are said to be safe and well and staying with relatives.



Imtiaz Begum, 35, who was stabbed to death, and her son Hasan, two, believed to have been strangled



Shopkeeper gives up all 3,000 blades

JASON BENNETTO
Crime Correspondent

A shopkeeper handed over his entire stock of 3,000 knives - worth £20,000 - as part of the national amnesty because he was worried that they could be used to hurt someone.

Reg Lindop, 72, who has run his family hardware store in Hanley, Stoke-on-Trent, for 35 years, decided to give up the

weapons after a chance visit to his shop by two police officers who wanted a key cut. While waiting, the officers spoke to him about the national amnesty on knives.

Mr Lindop explained that he began stocking tin-blades about two years ago but was worried about what they might be used for once sold.

The officers offered to take the knives on display back to the

station but Mr Lindop surprised them by handing over several thousand that were stacked in a back room.

He said yesterday: "It's a good job that the police constables came into the shop. I had been thinking about the knives after the publicity over recent stabbings and had begun to think it was about time they were taken off the market... I was afraid that someone local-

ity may get hurt and it would be on my conscience."

A police spokesman said: "Mr Lindop said he would like to think that one of his knives could be used to injure someone and asked if he could hand them in."

The 3,000 knives helped to boost the total number of weapons given to Staffordshire Police to 4,804 - the largest single amount of all the forces.

Truck driver fined £2,000 after girl's death

An Austrian lorry driver who pleaded guilty to three motoring offences following the death of a newspaper delivery girl in Kent was yesterday fined a total of £2,000.

Herbert Lagler, 25, from Brakrau, Austria, was fined £750 for failing to stop after the accident last Thursday, £750 for failing to report it and a further £500 for careless driving.

The bench chairman at Canterbury Magistrates' Court, Tom Steele, said before passing sentence: "The brief of this bench was not to deal with the tragic consequences of what happened last week but with three charges Herr Lagler has admitted."

Mr Steele ruled Lagler, whose lorry was in collision

with 15-year-old Amy Durling, was to be detained in custody until the fines were paid.

Amy, of Greenhill Road, Greenhill, near Herne Bay, Kent was killed when she was knocked off her bicycle on a roundabout on the A299 Thanet Way.

The court heard that Lagler was not aware that he had hit the cyclist or that there had been an accident.

Moments after the accident he pulled his lorry over to the side of the road after hearing what he thought was a mechanical fault.

He inspected his vehicle and found the bicycle underneath the trailer of his 40-ton lorry and removed it before continuing on his journey.

The maximum sentence Lagler faced for the most serious charges - of failing to stop and failing to report an accident - was six months' imprisonment.

Inspector Terry Gabriel, of Canterbury Police, who was in court when the decision was read out, said afterwards: "I think it's a very good sentence. I think it's the most we could have expected having regard to the circumstances."

"He did plead guilty to all the offences and that should be a credit to him."

"It is a tragedy but it's crucial for the drivers of heavy goods vehicles particularly to show that extra degree of care when driving vehicles of that size."

Police 'kicked suspect in head'

JOJO MOYES

One policeman bit the body and another kicked "as hard as he could" the head of a suspect who later died in custody, an inquest heard yesterday.

Shiji Lapite, a 30-year-old Nigerian, was pronounced dead on arrival at Homerton Hospital on 16 December 1994 following an arrest by officers from Stoke Newington police station in North London.

A post-mortem showed the father-of-two died of asphyxia, the pressure used being so great that it had crushed his voicebox.

The two officers told St Pancras Coroner's Court they had been "in fear for their lives" during a struggle in which Lapite, according to one pathologist's report, sustained 45 different injuries.

Coroner Dr Stephen Chan noted that there was a "gross

disparity" between the injuries sustained by Lapite and the two officers who had arrested him on suspicion of possession of drugs. Neither officer could explain the disparity.

PC Paul Wright, 28, who told the court he had bitten Lapite after Lapite had bitten him, said he had employed a necklock on the Nigerian after Lapite had attempted to strangle him during the course of the struggle. There were no recorded injuries to PC Wright's neck, although he did sustain injuries to his arm.

The other officer, PC Andrew McCallum, 24, who described Lapite as "the most violent man I've ever come across", sustained one minor hand injury.

Both officers said that the extreme strength of Lapite suggested that he had taken drugs. PC Wright said the two plainclothes officers had stopped to question Lapite after they had

seen him acting suspiciously after leaving a restaurant. PC Wright said that Lapite had dropped a quantity of drugs when he realised police were following him. When they attempted to arrest him on suspicion of possession of drugs, Lapite resisted and a fight broke out. During what both officers described as a "violent" struggle, PC Wright and Lapite had fallen to the ground.

The court heard that at one point Lapite had put his hands around PC Wright's neck. "He then started to strangle me. I was in fear for my life and PC McCallum's," he said. "I could not lessen his grip."

"I did try to move his hands but was unable to do so. He was a very very strong man."

PC McCallum said he "had let go, stood up and kicked Lapite in the head as hard as I could".

Ben Emmerson, counsel for Lapite's family, suggested that Lapite had actually been struggling for his life. When asked to explain the "gross disparity" of injuries sustained by the officers and Lapite, PC McCallum said he did not believe excessive force was used.

The inquest continues today.

Is someone poaching your nest egg

Disputes in education: Protest over schools' teaching of faith □ Labour attack on nursery vouchers derailed in Commons

Religion classes boycotted by Muslim parents

ANDREW BROWN
Religious Affairs Correspondent

The three-week-old Muslim dispute over religious education in which 1,500 pupils have been withdrawn from lessons at schools in West Yorkshire showed no sign of abating last night.

However, Muslim leaders yesterday cast doubt on suggestions that the boycott would spread around the country.

"Outside Bailey parents don't seem to have got together. People are either full of apathy or indifferent," Akram Khan-Cheema, a prominent Muslim educationalist and former government inspector of schools, said.

The Chief Education Officer for Kirklees council, Rob Vincent, said that no formal meetings with Muslim leaders were scheduled until next week. Parents have the right to withdraw their children from religious education, but it was never envisaged that this would be used as a weapon of mass protest.

The protest seems directed against the very idea of religious

education that teaches young children about other faiths. Although the Education Act was amended in the Lords to insist that religious instruction be predominantly Christian in character, this has not caused problems in other areas with Muslim majority schools.

The Bailey boycott started after a two-year consultation process to design an RE syllabus agreeable to all faith communities. "Of course the Muslim community was fully involved and happy with the outcome," Mr Vincent said. "I think what has happened is that that led them to a more general consideration of the role of religious education."

Most of the children withdrawn from RE lessons, he said, were being instructed in Islam at private religious classes as well.

Mr Khan-Cheema said: "We want our children in the primary schools not to be confused. We want them to learn about our own faith in a way that helps them to learn about life. There is concern within the Muslim community that parents are

not listened to: children are being provided with what other people think is right for them, and not what parents want."

Other observers suggested that the reason for the trouble in Bailey might lie in intra-Muslim jockeying for power. The process of accommodating Muslims into the British school system has been marked by periodic rows over halal meat, sex education and the segregation of the sexes. However, it has been proceeding more smoothly recently, since Muslim parents won concessions on all these issues, and Muslim educationalists have come to accept the necessity of the national curriculum.

Fewersham College, a girls' school in Bradford, is expected to become the first state-funded Muslim school in the country later this year.

Ibrahim Hewitt, the development officer of the Association of Muslim Schools, said: "The key to this is in Bailey. It is reflective of the very tightly-knit community there. If the local imam says jump, they will jump."



Class apart: Children playing in the playground of Manor field Junior & Infants School, Bailey

Photograph: Justin Slee/Guzzell

Tories taunt Blunkett for 'hypocrisy'

STEPHEN GOODWIN
Parliamentary Correspondent

David Blunkett, the shadow Education Secretary, insisted Labour remained against selection and privilege in schooling yesterday, as the furore over Harriet Harman's decision to send her son to a grammar school derailed his attack on the Government's plans for nursery school vouchers.

All-party criticism of the voucher scheme, particularly its impact on local authority nursery provision, was swamped as Gillian Shepherd, Secretary of State for Education, led Tories in an orgy of taunts.

She said the Opposition was now in "complete disarray" over policies for encouraging parental choice and diversity. "Nothing now can hide the basic contradiction and deep division at the heart of Labour education policy."

"Choice and diversity for some members of the Labour front bench but clearly stated and oft-repeated policy intentions to remove that choice and diversity from everyone else," she said.

Her attack came as MPs began a second reading debate on the Nursery Education and Grant-Maintained Schools Bill, introducing a scheme entitling parents of four-year-olds to vouchers worth £1,100 to buy approved nursery provision, whether council, private or voluntary. In addition, GM schools will be given limit scope to borrow commercially.

Ms Harman was not in the chamber as her decision to send her 11-year-old son, Joe, to St Olave's School in Orpington, Kent, was repeatedly condemned by Tory backbenchers as "contemptible".

Even the maverick George Walden, Conservative MP for Buckingham, broke off from harrying the Government over vouchers for wealthy parents to take a swipe at Mr Blunkett.

"This goes to the heart of the whole discussion of education in Britain - namely selection," he said. "The position of Mr Blunkett, and I'm sorry to say this, is morally and intellectually contemptible."

Challenged by Mrs Shepherd to justify Ms Harman's decision, Mr Blunkett said: "Every parent in every community, whether they are a member of Parliament or not, should have the right to exercise a preference for their child to go to the school of their choice."

"That preference should not be blocked by any mechanism that prevents a child entering that school, either on its prior attainment at the age of 11 or on the interview of parents."

To Labour cheers, he added: "That is why we are against selection, why we will remain against selection, why any debate about selection is a past agenda, a dead agenda."

Nigel Waterson, Conservative MP for Eastbourne, asked Mr Blunkett whether he still agreed with what he had written in the *Sheffield Star* on 21 November, 1994: "I am having no truck with middle-class, left-wing parents who preach one thing and send their children to other schools outside the area."

Inviting hoots of derision from Tories, Mr Blunkett declared there was "total unity" on the Labour side.

"We are all preaching one very simple fact and that is to lift the standard of education for every child in this country rather than the obsession with the few."

Third of sixth forms 'failing'

JUDITH JUDD
Education Editor

Sixth forms with fewer than 80 students - about a third of the total number - have difficulty in offering enough choice or in providing value for money, says a school inspectors' report published yesterday.

Schools offering both A-levels and advanced vocational qualifications (GNVQs) may need sixth forms of at least 125, Her Majesty's Inspectors say.

In some cases, money for pupils on GCSE courses is being squeezed so that schools can support a sixth form, says the report on 110 schools from the Office for Standards in Education.

About two-thirds of the sixth forms were providing value for money, but no school with a sixth form of fewer than 100 pupils was judged cost-effective.

David West, head of the post-compulsory education team, said: "A school needs 80 students to provide 12 A-levels. That is the minimum provision one could make to offer a fair and reasonable choice."

Eight per cent of schools have sixth forms of fewer than 50, and 22 per cent have a total roll of between 50 and 100. About 4 per cent have more than 300 students.

Mr West said he hoped Sir Ron Dearing, who is reviewing post-16 education for the Government, would offer guidance on what should be provided and on sixth form size.

The inspectors found that the number of subjects being taught ranged from 31 (in a consortium) to five. The average was 17. Teaching standards in sixth forms are said to be higher than those for 5- to 16-year-olds. Standards of achievement were satisfactory or better in 93 per cent of lessons.

Teacher stress increasing

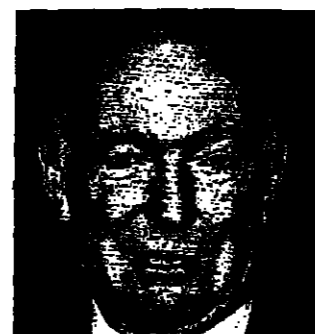
CHRIS BLACKHURST
Westminster Correspondent

Half the teachers retiring early on grounds of ill-health are doing so because of stress and anxiety, mainly brought about by the Government's education reforms, it was admitted yesterday.

Michael Richard, Permanent Secretary at the Department for Education and Employment, told MPs that of the 6,075 teachers who took early retirement last year, more than 3,000 were over-stressed. The next highest causes, back problems and heart disease, said Mr Richard, accounted for just 300 to 400.

"The major cause of ill-health retirements is stress," said Mr Richard. Asked for an explanation, he attributed the problem to "pressure on teachers at the moment".

Mr Richard said the figures



Alan Williams: Questions

had increased following two major pieces of legislation, the Education Reform Act in 1988 and the Further Education Act in 1992. There had been a "lot of change and restructuring", said Mr Richard, so the rise was "not surprising".

Of the 6,075 who left because of ill-health last year, only 222 were from the independent sector. Over 35 per cent of the

total, said Mr Richard, came from the 50 to 54 age group.

Replying to questions from the Commons Public Accounts Committee examining a report showing a more than doubling in the number of teachers retiring on health grounds over the past decade, Mr Richard said departures through poor health were also rising elsewhere in the public sector.

The overall totals of teachers opting for early retirement - which includes ill-health - was up 3 per cent, versus 288 per cent increases in the Civil Service and 84 per cent in the NHS.

The last Government Actuary study on how much the retirements would cost was in 1986 and showed a shortfall in the teachers' superannuation scheme of £1.5bn. Mr Richard admitted to Alan Williams, MP for Swansea West, that computer failure meant there was no more up-to-date figure.

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Skeleton key to London's Roman past



Roman story: Technician Richard Tosdevin working on the skeleton of a horse at the new Roman London gallery, which opens at the Museum of London in the City on 30 January. Nearly 2,000 objects are on show, with room and street reconstructions Photograph: Nicholas Turpin

Budding sports stars to receive lottery funding

PATRICIA WYNN DAVIES
Political Correspondent

"Talent funds" for grooming would-be sports stars and initiatives for access to the arts will qualify for National Lottery funding under plans set out yesterday by Virginia Bottomley, the Secretary of State for National Heritage.

Proposed changes to the 1993 National Lottery Act, allowing purely revenue funding for the first time, would enable the Arts and Sports Councils to create the new funds to help individual youngsters develop artistic and sporting skills; fund new forms of access to sports and the arts; and support major sporting events such as world championships, the minister said in a Commons written reply.

The revised rules, which are set to come into effect in early April after consultation with the distributing bodies, will also allow building preservation trusts to qualify for help from lottery proceeds.

Mrs Bottomley also indicated that she was prepared to accept proposals, due to be announced tomorrow by the Arts Council, that would allow arts organisations to benefit

from help in the form of "stabilisation" funds - funding to help secure long-term financial viability in return for making structural and efficiency changes.

Mrs Bottomley said yesterday that she was responding to calls for lottery money to be made available for talented young athletes, extra coaching and possible help to participants at the Olympic Games.

"The changes that I am proposing will allow the Sports and Arts Councils the flexibility to respond to these demands and make lottery funds available for the first time to benefit people directly," she said.

The likelihood of significant funding being made available for this year's Olympics is probably remote, however, because of the short time-scale.

Mrs Bottomley said she wanted to see lottery funding investing in human talent as well as in infrastructure. Apart from helping would-be sports stars, she envisaged money being used to support youngsters visiting the theatre and the arts, and for artists to visit schools.

There was sufficient flexibility available for distributing bodies to take account of spe-

cial circumstances in individual applications, she said.

"The lottery is a stunning opportunity for this country to invest in arts, sports and heritage as never before," she said.

Mrs Bottomley insisted in an earlier GMTV interview that slashing lottery jackpots would only cut the cash available for good causes. She has agreed to meet church leaders to discuss their concerns that massive jackpots, such as this week's predicted £40m double rollover, are creating a culture of greed.

Countries such as Germany and Holland, which had capped jackpots, had found substantially fewer people playing, she said.

Mrs Bottomley disputed claims that massive jackpots encouraged poor people to spend more than they could afford. "It is a very carefully monitored lottery and a very carefully regulated lottery. The average person spends £2.10 and the rich pay more than the less well off."

"I don't think there's any evidence that we are becoming a nation of gamblers any more than all those other countries in the world that have got lotteries - not many of them as successful as ours - have turned into a nation of gamblers."

Rival rail operators give signal for chaos

BARRIE CLEMENT
Labour Editor

As our railway system enters the cut and thrust of the market place, one signal box seems to be taking on the atmosphere of a dealing room in the City of London.

At Liverpool Street Station the brassiness of the financial barrow boy has apparently invaded the tranquillity of what is now described as a control centre.

Signal operators at their "state-of-the-art workstations" can hardly hear themselves think on occasion.

The problem is that sitting cheek-by-jowl with the signal staff are representatives of the five train-operating groups using Liverpool Street, according to exasperated union officials. They are Great Eastern Railways, Anglia Trains, the West Anglia Great Northern Railway, LTS Rail, and the Freight Trains Group.

Each company is determined that its trains should not be disadvantaged when the timetable is disrupted through leaves on the line, the wrong kind of snow and other unthinking acts of an unprivated God.

The representative of the

freight company will seek to ensure that his train is not always shunted off into sidings to allow the InterCity expresses are given smooth passage. The man from the West Anglia and Great Northern Railway will be keen to see that the Flash Harrys of InterCity are not placated at the expense of his crowded commuter trains.

Presiding over the hubbub is the equivalent of the Rev W Awdry's Fat Controller - the man from Railtrack, who is supposed to adjudicate between the competing interests.

According to those familiar with the signal box, the noise sometimes resembles an Arabian souk. It has got so bad that the signal staff have threatened to shut the system down unless the people from the train operators restrain themselves. The language has been known to approach the colourful.

Peter King, the Rail, Maritime and Transport workers' union official for the area, believes the clamour could undermine safety. The usual complement for the centre is around two dozen, but sometimes it swells to 34 or more.

"Our people have to speak to drivers and other signal boxes on the phone. Sometimes they

can't hear themselves think. They are often forced to whisper so that the train operators can't hear them and argue the toss over their decisions. It can get very stressful at times. Basically, it's insane."

Railtrack put up screens to deaden the noise, but some had to be taken away because there was not enough room in the box, according to Mr King.

Before the break-up of British Rail, there was a staff of around a dozen, including a BR controller who made all the decisions about which services should take priority.

A Railtrack official said yesterday that management was unaware of any problems, that the control centre was large enough to accommodate the extra people with ease and that safety would always be the top priority. In any case, she said, normally only two train operators were represented in the centre.

Mr King, however, insisted that interlopers from five companies were always present, and that management had been made aware of the difficulties.

The RMT believes similar problems could develop in larger control centres all over the network as companies insist on having their four pennorth.

Death case ship 'rolled in trials on calm seas'

A trawler that sank, claiming the lives of six people, had rolled so heavily during trials in calm seas that water came on deck, a court was told yesterday.

Sean Deakin, 27, the skipper of the *Pescado* for the trials in Plymouth Sound in late 1990, said he was "shocked" at the way the boat behaved. "I had never experienced anything like that in a calm sea," he said.

Within months, the *Pescado* sank 13 miles off the south Cornwall coast after sailing from Falmouth. Mr Deakin, who was not on board when she went down in 240ft of water on 25 February, 1991, was giving evidence at the Bristol Crown Court trial arising from the loss of all six crew.

Alan Ayres, 56, and Joseph O'Connor, 44, director and managing agent respectively of the firm that owned the *Pescado*, Guideday Ltd, deny manslaughter.

Mr Deakin told the court the vessel heeled over more than it should when fishing gear was lowered. "There was a lot of water coming on to the deck."

The prosecution alleges that the 100-ton *Pescado* was unseaworthy and unstable. It says that Mr Ayres and Mr O'Connor were in breach of a duty of care to the crew for their safety, which amounted to gross negligence.

The lost crew were skipper Neil Curry, 28; his fiancée Jo-Anne Thomas, 23; Peter Birley, 34; Steven Hardy, 33; Sean Kelly, 17; and Adrian Flynn, 21.

Mr Deakin said on a second sea trial the *Pescado*'s compass was up to 90 degrees out. "Mr O'Connor never really had any time for anything I said. He always treated me with contempt," he said.

Mr Deakin said the vessel rolled "heavily and sluggishly" because he believed an extra fuel tank had been installed. "I was beginning to look deeper into the boat. The more I looked, the worse it got. It was just a bodged job," he said.

Mr Deakin said he mentioned a list of missing safety equipment. Two out-of-date life-rafts were subsequently fished to the rails instead of being in cradles where they could float free in a sinking.

Mr Deakin said that when he asked when the Department of Transport would inspect the vessel Mr O'Connor told him: "Hopefully, if we can get away with it, he won't be coming."

Next day, with the boat ready for sea, Mr Deakin made up a story to get out of sailing. "I did not want to go to sea. I would not go to sea because it was unseaworthy," he said. In mid-January 1991 he resigned.

The trial continues today.

Fitter wins £280,000 for injuries

A Royal Navy employee has been awarded £280,000 after suffering brain damage through contact with a chemical in use throughout industry, writes Barrie Clement.

The out-of-court settlement could lead to claims from thousands of workers who are exposed to the powerful solvent methyl ethyl ketone (MEK), according to the Amalgamated Engineering and Electrical Union, which backed the case.

After exposure to five times the legal limit of the substance, Tony Bradshaw, a 57-year-old fitter, now suffers from cerebellar ataxia, which affects speech, co-ordination and mobility.

John Allen, an executive member of the AEEU, said the chemical was in everyday use throughout the country and should be banned.

Part of Mr Bradshaw's job at the Royal Naval Armaments Depot at Gosport, Hampshire, involved working on missile warheads. Mr Bradshaw, who worked at the site from 1972 to 1986, was required to use MEK as a stronger substitute for white spirit.

By the early 1980s Mr Bradshaw began to experience difficulties in holding a pen and writing. "My brain tells me to do something and my body simply won't respond. I feel as if a brick wall has come down on my life," he said.

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news

Battle of the spin doctors: Demise of media chief blamed on in-fighting with the party's modernisers

'Traditionalist' Labour aide resigns

JOHN RENTOUL
Political Correspondent

Tony Blair's critics in the Labour Party were handed more ammunition last night by the resignation of Joy Johnson, the party's media director – a case, some Labour MPs believe, of a traditionalist squeezed out by modernisers.

Ms Johnson, who took the job in February last year, fell out with Alastair Campbell, Mr Blair's press secretary, and Peter Mandelson, the Labour leader's close adviser.

Rival factions in the party were putting differing interpretations on her demise. Mr Campbell and Mr Mandelson are derided by traditionalist Labour MPs as "spin doctors" and accused of pushing a hidden agenda of ditching socialist policies.

Ms Johnson disagreed with Mr Campbell's attempt to bully the BBC by public fax into giving prominent coverage to Mr Blair's conference speech on the same day as the O.J. Simpson trial verdict. This was, however, more a personality clash than an ideological dispute.

Ms Johnson, while previously at the BBC, was in charge of party conference coverage and was credited with revolutionising the way they were presented. She obviously thought she knew more about how to get better coverage out of the BBC than Mr Campbell.

Meanwhile, some of Mr Blair's allies were suspicious of Ms Johnson because, as a party member, she voted for Margaret Beckett in the 1994 leadership election. She was also accused of devoting some of her energies to promoting the cause of Gordon Brown, the shadow chancellor, rather than the party as a whole.

Her notes for the party's election conference guide last October were read by some as coded attacks on Mr Blair's aides. "I am not a spin doctor for the very good reason we won't win by spin. We will win by getting our policies right," she said, in what was taken as a reference to Mr Mandelson.

She went on, allegedly referring to Mr Campbell: "I don't come from the self-regarding media school which believes that press officers or communications specialists are



The voices of New Labour

Peter Mandelson (left) – Age: 42. Salary: MP's £34,000. Former Young Communist, became moderniser at Oxford. Appointed communications director 1985, elected MP in 1992. Now planning general election campaign. Joy Johnson (above) – Age: 45. Salary: was £34,000. Head of campaigns, elections and media (was political journalist at both BBC and ITV before joining Labour). Alastair Campbell (right) – Age: 38. Salary: about £50,000. Enthusiastic propagandist for Labour modernisers both as journalist at Daily Mirror and Today, and, since 1994 conference, as Tony Blair's press secretary.



Crashed Chinook had sent message

A message from an RAF Chinook helicopter went unanswered by air-traffic controllers less than five minutes before it ploughed into the Mull of Kintyre, an inquiry heard yesterday.

The message was revealed on a tape recording after the crash on 2 June 1994, an Royal Air Force flight-traffic control officer told the inquiry at Paisley, Strathclyde.

But there was no response to the transmission, Flight Lieutenant Miller said. "My opinion is that the transmission was not heard by the control staff."

A Belfast air-traffic controller told the inquiry that a transcript of the message showed the call sign of the Chinook as it passed out of her airspace at Aldergrove shortly after taking off.

The inquiry had already heard that the aircraft crashed at around 6pm – killing 10 senior Royal Ulster Constabulary officers, nine army intelligence officers, six MI5 officials, and the four-man RAF crew.

Earlier a crash investigator said he could not rule out jammed controls as a possible cause. Department of Transport inspector Anthony Cable also told the inquiry that wind conditions could have played a part.

The inquiry also heard that one of the two pilots, Fl Lt Richard Cook, voiced concerns about the engine computers on the day of the accident. The duty RAF authorising officer in Northern Ireland that day said he had asked Fl Lt Cook that morning how he was getting on with the newly introduced Mark Two Chinook and had been told there were some problems with the engine control units.

The inquiry continues today.

terribly interesting people or that we deserve a profile at least as high as the politicians we serve.

However, Mr Blair approved her appointment last year, and she was for a time a trusted member of the inner circle.

Virtually her first meeting in her new job was one that took place in the New Forest home of Chris Powell, head of the party's advertising agency and brother of Jonathan Powell, Tony Blair's chief of staff. It was

this meeting which prompted a furious behind-the-scenes outburst from John Prescott, the Labour deputy leader, who was not invited.

She was also a member of the team which planned the strategy for the Littleborough and Saddleworth by-election campaign. Labour's attack on the Liberal Democrat candidate as "high on tax and soft on drugs" was condemned as cynical and counter-productive by several Labour MPs, and blamed on Mr

Mandelson, who was in charge of the by-election campaign.

The fundamental problem was not political, according to one friend yesterday. Ms Johnson realised she still wanted to be a journalist when she heard a political news story on her car radio recently. "Her first instinct was that she wanted to cover the story, not sort it out," said the friend.

But the decision to go was solely hers, the friend insisted. "She went because in the end

she realised she was a journalist at heart."

Ms Johnson was a journalist for 16 years, first with ITN and then with the BBC, which she joined in 1990 as political news editor.

Her BBC connections were the focus of repeated attacks from the Conservatives, both on the BBC and Labour. She was involved in the early decision to provide four hours of live coverage of Labour's special con-

ference to revise clause IV of the party's constitution. After Tory protests that this was free coverage of a victory for Mr Blair on an issue of his own choosing, the programme was scaled down.

Ms Johnson's only known clash with Mr Blair was over a "saucy" Labour Christmas card showing a condom and a topless woman saying "spank me" – a dig at Tory scandals. The Labour leader ordered the cards to be scrapped.

Child jails plan looks doomed

HEATHER MILLS
Home Affairs Correspondent

The building of five child jails – Michael Howard's answer to out-of-control young offenders – appears doomed.

A year after the first of the privately run secure training centres was supposed to be up and running, two are still bogged down in planning difficulties and no contract has been signed with any company to build or run the other three.

In fact, tenders are having to be resubmitted to meet new specifications for daily regimes for the 12- to 14-year-old inmates. According to Whitehall sources, the two "divorced" groups working within the Home Office had not agreed basic regime standards before the first tenders went out and costs are now being revised upwards.

It now looks certain that none of the five mini jails – a key component of the Home Secretary's 1994 Criminal Justice and Public Order Act – will be built before a general election. With Labour opposed to them – preferring to build more local-authority secure places – a question mark now hangs over the

entire project. If contracts are signed before an election, a victorious Labour government would be called on to amend legislation and buy them out.

Jack Straw, Labour spokesman on home affairs, said yesterday: "We will certainly inherit a mess. But it is not possible to say exactly what we will do with these places until we are in government and until we know the full story and the terms of the contracts."

The scheme has met with a storm of protest from opposition and penal reform groups who believe that asking private commercial firms with no experience of caring for difficult young people is indefensible.

Yesterday probation officers and penal reform groups called on the Government to "abort this misguided proposal". Harry Fletcher, the assistant general secretary of the National Association of Probation Officers, said: "It is not surprising that this scheme is in extreme difficulties. It went ahead despite all professional opinion. The Home Office is now realising that the centres will be extremely expensive to run and will do nothing to reduce crime."

DAILY POEM

Rondel

By Eustache Deschamps

Lice, fleas, a trench, and rooting swine,
This is Bohemia all told,
Bread, salt fish, and an iron cold.

Foul cabbages, black pepper, leeks, to dine
With and smoked flesh, burnt, gristled, old,
Lice, fleas, a trench, and rooting swine.

Two platters twenty trough like swine,
Bilge beer you almost spew to hold,
A lightless pallet, straw, and soiled,
Lice, fleas, a trench, and rooting swine,
That is Bohemia all told,
Bread, salt fish, and an iron cold.

This Breughel-esque scene of sparse food and bitter cold in Bohemia in the 14th century springs from the pen of Eustache Deschamps (c.1346-1406), a member of the French court who visited the kingdom of Bohemia in the reign of Charles IV. It is one of 100 or so poems, spanning 600 years of lyric and courtly poetry, collected and translated as *Transfusions* by David Burnett and published by Cloud (48 Biddlestone Road, Heaton, Newcastle upon Tyne NE6 5SL, 0191-265 4102) at £7.95.

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| Minimum Investment | Gross* | Gross CAR** | Net† |
|--|--------|-------------|-------|
| Bonus Builder (Annually)** | | | |
| £100,000+ | 6.00% | - | 4.50% |
| £50,000 | 5.75% | - | 4.31% |
| £25,000 | 5.55% | - | 4.16% |
| £10,000 | 5.00% | - | 3.75% |
| £5,000 | 4.45% | - | 3.34% |
| Bonus Builder (Monthly)** | | | |
| £100,000+ | 5.87% | - | 4.40% |
| £50,000 | 5.63% | - | 4.22% |
| £25,000 | 5.44% | - | 4.08% |
| £10,000 | 4.91% | - | 3.68% |
| £5,000 | 4.38% | - | 3.29% |
| Britannia High Interest (Annually) | | | |
| £100,000+ | 5.25% | - | 3.94% |
| £50,000 | 5.00% | - | 3.75% |
| £25,000 | 4.80% | - | 3.60% |
| £10,000 | 4.25% | - | 3.19% |
| £5,000 | 3.70% | - | 2.78% |
| Britannia Monthly Income (Monthly) | | | |
| £100,000+ | 5.13% | 5.25% | 3.85% |
| £50,000 | 4.88% | 5.00% | 3.67% |
| £25,000 | 4.70% | 4.80% | 3.53% |
| £10,000 | 4.17% | 4.25% | 3.13% |
| £5,000 | 3.64% | 3.70% | 2.73% |
| £2,500 | 3.01% | 3.05% | 2.26% |
| Britannia Instant Access (Annually) (currently not available to new investors) | | | |
| £25,000+ | 3.75% | - | 2.81% |
| £10,000 | 3.45% | - | 2.59% |
| £5,000 | 3.15% | - | 2.36% |
| £2,500 | 3.05% | - | 2.29% |
| £500 | 2.85% | - | 2.14% |
| £250 | 0.50% | - | 0.38% |
| £100 | 0.25% | - | 0.19% |
| Britannia Current Account (Monthly) | | | |
| £10,000+ | 2.00% | 2.01% | 1.50% |
| £500-£9,999 | 1.00% | 1.00% | 0.75% |
| £1-£499 | 0.25% | 0.25% | 0.18% |
| LTD (Annually) | | | |
| £500+ | 3.50% | - | 2.63% |
| £10 | 3.25% | - | 2.44% |
| Brighter Savers (Half Yearly) | | | |
| £1 | 3.25% | 3.28% | 2.44% |
| Trustee Deposit (Annually) | | | |
| £50,000+ | 5.00% | - | 3.75% |
| £25,000 | 4.80% | - | 3.60% |
| £10,000 | 4.25% | - | 3.19% |
| £5,000 | 3.70% | - | 2.78% |
| Tax Exempt Charities (Annually) | | | |
| £25,000 | 4.80% | - | - |
| £10,000 | 4.25% | - | - |
| £1 | 3.25% | - | - |
| Tiered Renewal Bond 3rd Issue (Anniversary) (for matured bond holders only) | | | |
| £100,000+ | 5.75% | - | 4.31% |
| £50,000 | 5.50% | - | 4.13% |
| £25,000 | 5.30% | - | 3.98% |
| £1,000 | 4.75% | - | 3.56% |

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Bosnia killing fields: UN tribunal chief orders inspection under the protection of Nato forces

War-crimes team to investigate mass graves

CHRISTOPHER BELLAMY
Gornji Vakuf

With more reports emerging of mass graves in Serb-occupied parts of Bosnia, Justice Richard Goldstone, head of the United Nations tribunal prosecuting war crimes, said his investigators would begin examining the sites soon under the protection of Nato peace-keepers.

The US assistant secretary for human rights, John Shattuck, who returned to Sarajevo yesterday after touring sites identified as graves containing thousands of bodies, was also expected to urge the peace-implementation force, I-For, to do all in its power to aid the investigation. But Mr Shattuck said his new priority was the fate of hundreds of prisoners of war still held by all three sides in the conflict, despite a deadline of last Friday for their release under the Dayton peace

plan. "I will be... continuing to pursue very hard the release of prisoners. All prisoners who've been visited by the ICRC (International Committee of the Red Cross) should be released," Mr Shattuck said.

The main grave sites are in Serb territory but some had been identified in areas held by Muslims and Croats for most of the war, British sources said. After Judge Goldstone met Admiral Leighton Smith, the I-For commander, yesterday they said the peace-keepers would help provide area security "for tribunals teams carrying out investigations and activities at mass grave sites". Significantly, the word "alleged" has been absent from recent statements.

Admiral Smith remains wary of promising too much, however. An official from the war crimes tribunal will be attached to I-For, but further "public discussion" of mass graves is to be



Serbs leave a meeting in Sarajevo. Thousands are to quit the city rather than live under a Muslim government

avoided, demonstrating the peace-keepers' sensitivity over the issue. At the weekend he confirmed that Nato aircraft would photograph two alleged grave sites but yesterday I-For declined to identify them.

On Sunday a spokesman for Nato's Allied Rapid Reaction Corps (ARRC), the bulk of the implementation force, said it was possible troops might surround grave sites this week but Admiral Smith then said "Nato is not, repeat not, going to guard specific grave sites".

The problem is mainly one of resources but also stems from trying to avoid being dragged into tasks outside I-For's mandate. Last week British divers were sent into a flooded mine near Ljubija, south-west of Prijedor, but found nothing and were withdrawn after altercations among ARRC commanders. Diving aircraft to take photographs is much easier, however, and Admiral Smith said I-For aircraft would watch for any signs that evidence was being removed before tribunal teams can start. The main sites

are Ljubija, where Croatian sources have said up to 8,000 bodies may have been dumped, and Glogova, near Srebrenica, visited by Mr Shattuck at the weekend. He said up to 7,000 people might be buried there.

As more I-For troops pour in, the resources problem will diminish. British I-For sources said that if the withdrawal of Bosnian Croat troops from the 400-square mile area they have to evacuate by 3 February goes according to plan, it will release troops to guard and assist tribunal investigators.



Arrows on a US spy satellite photograph indicate the sites of suspected mass graves Photographs: Reuters



PM's resignation a blow to multi-cultural ideal

TONY BARBER
Europe Editor

Bosnia's ruling party, the Muslim-dominated Party of Democratic Action (SDA), appears to have succeeded in forcing the resignation of Haris Silajdzic, the Prime Minister, and a leading advocate of an integrated, multi-cultural Bosnian state.

On Sunday he said he intended to quit because Muslim nationalists in the SDA had forced a vote through parliament limiting the authority of the new Bosnian central government to be set up under last month's Paris peace settlement. SDA leaders nominated Hasan Muratovic, a minister without portfolio, to replace Mr Silajdzic. Mr Muratovic is not an SDA member and is not associated with the Muslim nationalist wing of Bosnian politics, but even so the resignation of Mr Silajdzic would deal a blow to moderate Muslim political forces striving to restore some of Bosnia's pre-war multi-culturalism.

Under the Paris deal, Bosnia is to have three governments: a central one with relatively weak powers for the whole country, and a government each for the Muslim-Croat federation and the Bosnian Serb republic into which Bosnia is to be physically divided. Mr Silajdzic wanted the central government to have seven ministers, but the SDA bloc in parliament passed a vote limiting it to six.

At the root of the dispute were contrasting visions of post-war Bosnia. Mr Silajdzic has emphasised the need to reconcile Muslims and moderate Croats and Serbs, but SDA nationalists want greater efforts to promote Bosnia's Muslim identity.

Many Bosnian Croats believe the SDA would seek to dominate the Muslim-Croat federation. "The more Muslim leaders talk of a multi-ethnic, multi-cultural, multi-religious Bosnia-Herzegovina, the more a Jamahiriya (Libyan-style government) is being established on territories controlled by Muslim forces," said a Bosnian Croat ra-

dio editor, Ivan Krizdric. A former Bosnian deputy prime minister, Zlatko Lagumdija, said SDA leaders had been able to advance the Muslim nationalist cause because the party's middle ranks consisted of mere time-servers. "The large middle of the SDA is made up of apparatchiks who once served Marx [in Communist Yugoslavia] and now serve Muhammad," he said.

Bosnian newspaper reports suggested yesterday that Mr Muratovic was unhappy at the way the SDA had pushed out Mr Silajdzic, but would nevertheless agree to accept the premiership. Mr Muratovic, 55, is a former academic and businessman who once ran a bus company in Zambia and had commercial interests in Iraq. Mr Silajdzic is likely to be followed out of the government by the Foreign Minister, Muhamed Sacirbey, who announced two months ago that he would resign. He is expected to be replaced by a Croat in the future central Bosnian government.

Chechen leader delivers fresh taunt to Yeltsin

HELEN WOMACK
Moscow

Salman Raduyev, leader of the Chechen hostage-takers who escaped four days of bombardment by Russian forces in Dagestan last week, emerged unscathed in a mountain hideout in Chechnya yesterday and promised to carry on the fight for independence.

"The only thing we demand is [that the Russians] leave our republic in peace," Mr Raduyev said. Taunting the authorities in Moscow, the Chechen rebels who escaped the siege of Pervomayskoye have said they will today unconditionally release a group of hostages they took with them, in the presence of journalists, inside Chechnya itself.

If the release goes ahead as promised, in the eastern Chechen town of Novogrozny, it will further embarrass President Boris Yeltsin, who is facing a barrage of criticism for his handling of the crisis in Dagestan, at the end of which, 82 out of more than 100 hostages were saved. Chief among those complaining yesterday was Alexander Lebed, the retired general, standing in June's presidential election, who called the military operation a "national disgrace".

"By American standards, losing 20 per cent of the hostages in an operation is considered unsatisfactory," said Gen Lebed. "By Israeli standards,

the loss of one hostage... is unsatisfactory. It is interesting - what standards operate here?"

According to opinion polls, ordinary Russians seemed ready to give Mr Yeltsin the benefit of the doubt last Monday, when he ordered a frontal assault on Pervomayskoye, where the Chechens had stopped after dragging their hostages from Kizlyar.

But many are now disillusioned by the obvious lies the Kremlin has been telling. The Federal Security Service (FSB), the successor to the notorious KGB, justified the storming of the village by saying the Muslim militants had started shooting their hostages, although eyewitnesses later said this was not true.

Last Wednesday, with some 40 of the hostages freed, the FSB explained the army's use of Grad missiles by saying it was certain there were no more hostages left alive - yet another 40 or so were rescued later. Today's release may show how many hostages there were altogether and how many rebels got away. The Chechens plan to keep some Russian police officers for future swaps.

If this were not awkward enough for Mr Yeltsin, Russians have since seen how, by contrast, Turkey solved a hostage drama on the Black Sea - where pro-Chechen guerrillas seized a passenger ferry - without a single shot being fired.

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international

Britain bars publicity campaign for 'Euro'

SARAH HELM
Brussels

Single currency: Clarke says Brussels promotion should be delayed until atmosphere of 'calm' prevails

Fearing a new eruption of controversy over monetary union, the Government has blocked the European Commission from extending its single currency publicity campaign to Britain.

As European leaders arrived in Brussels to inaugurate the publicity drive, the Commission conceded it would not now be able to carry out its programme in Britain, due to the refusal of the Government to co-operate.

David Davis, the Foreign Office Minister, wrote person-

ally to Jacques Santer, President of the European Commission last week, warning against any Commission-backed campaign in Britain.

Kenneth Clarke, the Chancellor, meeting finance ministers in Brussels yesterday, said it would be unwise to launch the single currency campaign in Britain until there was greater certainty about monetary union and an atmosphere of "calm". However, Mr Clarke, who paid a lightning visit to the opening conference of the campaign,

struck a far more positive note than his Euro-sceptic colleagues about the need to inform the British public "sooner or later".

"I have always said we need an informed debate in the UK," said Mr Clarke, who stuck by his assertion last month that there is a 60-40 chance that monetary union will happen. "A Commission campaign... is not at the present stage the best way of taking the matter forward. Sooner or later it is obvious the more we have an informed debate the better."

The Commission had anticipated a cool response from Britain to its single currency publicity proposals. Officials attempted to play down the seriousness of the snub yesterday. The publicity campaign was always intended to be conducted "in co-operation" with the member states, they said. However, it is clear that Commission plans for TV advertising and widespread public conferences will be scaled down - and not solely because of British objections. Given the

continuing uncertainty about whether the 1999 launch of monetary union can be achieved, several other governments are backpedalling. German leaders were markedly absent from yesterday's publicity launch; the entire atmosphere of the first-day conference was low key.

A poll published yesterday by the Commission to coincide with the launch showed that more people in the EU are in favour of the single currency since the decision was made in

December to call it the Euro. A survey showed that 47 per cent of Europeans are in favour of the new currency; 37 per cent are against.

During the finance ministers' discussion yesterday ministers made their first attempt of the year to sharpen the focus of the single currency debate. There are growing signs that the Italian government, which holds the EU presidency for the first half of the year, may be distracted by domestic turmoil and unable to provide a clear lead.

The ministers sought, however, to revive confidence in European economies, insisting that gloomy figures released last week represented a "pause" in economic growth, not a slow-down.

Mr Clarke set out Britain's agenda for the coming months, repeating the Prime Minister's insistence that priority must be given to studying the relationship between currencies which join monetary union in 1999 and those which stay outside.

In a four-point letter to

Lamberto Dini, the Italian Prime Minister and Finance Minister, Mr Clarke has called for reassurances from its partners that countries which do not join the single currency at the launch will be able to join, without penalties, at a later stage.

The letter appears to indicate new fears within the Treasury that if Britain does stand outside at first, it may find itself permanently excluded from an inner core of EU countries. Those who chose to join EMU later must be able to do so "on the same terms as the others," said Mr Clarke yesterday.

Austria arms caches awaken Cold War ghost

ADRIAN BRIDGE
Central Europe Correspondent

Austria has had an uncomfortable reminder of its days on the front line of the Cold War with the revelation that US arms secretly hidden more than 40 years ago to counter a possible Soviet takeover could still be buried in depots throughout the country.

Government officials confessed yesterday that they were baffled by news of the 79 arsenals, disclosed by the US ambassador to Austria, Swanee Hunt, over the weekend. Chancellor Franz Vranitzky has demanded precise details of the locations of the arsenals, which reportedly each contained enough guns, pistols and explosives for some 150 anti-Communist rebels, and even substantial amounts of gold.

Mr Vranitzky also plans to ask the three other powers that occupied Austria for 10 years after the war - France, Britain and Russia (as the successor to the Soviet Union) - whether they, too, stashed arms in case of a possible conflict.

An official at the British embassy in Vienna said yesterday that he had "no information whatsoever" about any possible British arms caches and that the embassy had not been approached by the Austrian government on the matter. Ms

Hunt, however, told Austrian media: "It was probable that Britain had taken similar steps [to the US] at the time in its zones in Europe."

According to Ms Hunt, the existence of the secret US arms arsenals had only come to light recently after the Central Intelligence Agency (CIA) decided to inform Congress about them. She said she was sorry Austria "was informed so late about the matter", describing it as a "relic from the Cold War".

The arms depots are believed to have been set up in the late 1940s and early 1950s, when Cold War tensions were at their highest. Centred on Salzburg, the heart of the US occupation zone in Austria, the Austria Press Agency reported that they were intended to be used by US-backed resistance fighters, similar to the Gladio fighters in Italy.

For 10 years after the war, Austria was split into four occupation zones. Like Berlin, Vienna was divided, in a Cold War atmosphere immortalised by *The Third Man*. Given the tensions of the time, most Austrians have been reluctant to condemn the existence of the US arms arsenals. Some former resistance fighters have even said they were established at the request of the then government, terrified at the prospect of a Soviet takeover.

Vintage flood leaves a French vineyard reflecting on brighter times



Brandy and water: Vineyards at Chateaufort, in Cognac, south-west France, inundated by the Charente river, which burst its banks after heavy rain Photograph: Brian Harris

IN BRIEF

Leaders meet to stop fighting in KwaZulu

Pretoria — President Nelson Mandela and his rival, the Zulu nationalist leader Mangosuthu Buthe, agreed the only way to stop fighting between their supporters was to call a meeting of the Zulu nation to allow the warring parties to air their grievances. They met briefly at Mr Mandela's residence to discuss increased attacks and clashes that have killed scores of people in recent weeks in the Zulu homeland of KwaZulu. AP

Tajik spiritual leader shot dead

Almaty — The pro-Moscow Muslim spiritual leader of the central Asian state of Tajikistan, Mufti Fakhrullo Sharifzoda, 53, was shot dead with his wife, son and daughter-in-law. Officials reached by telephone from the Kazakh capital, Almaty, said they were killed by unknown assailants at his Dushanbe home. *Reuters* Obituary, page 12

Shia sheikh arrested in Bahrain

Manama — Sheikh Abdul Amer al-Jamri, 57, a Shia cleric and opposition leader in Bahrain, has been detained after two days under house arrest, his wife said. The cleric's arrest came after a fresh, three-day wave of unrest in the Gulf island state. AP

Hillary offers to answer new questions

Washington — In an attempt to dispel doubts about her integrity, Hillary Clinton offered to answer new questions about the Whitewater affair. Chief among these is how her law firm billing records resurfaced after it was claimed they could not be found. AP



Supporters mob Imelda Marcos as she arrives at the Philippines Congress yesterday where she is leading opposition to an anti-terrorist bill Photograph: AP

Thatcher praises Philippines progress

Manila — Lady Thatcher praised economic growth in the Philippines, saying she saw "traces of Thatcherism" in its economic reforms. She also expressed support for the government's campaign against international terrorism — the focus of a debate over charges that President Fidel Ramos is trying to expand police powers. AP

Patten slumps in popularity polls

Hong Kong — Governor Chris Patten's popularity has dropped to a new low, a survey by the Chinese-language *Ming Pao Daily News* said. But China's top officials in Hong Kong, Zhou Nan and Zhang Junsheng, scored lower than Mr Patten. *Reuters*

Elder statesman out of intensive care

Singapore — Lee Kuan Yew, the former leader of Singapore, is out of intensive care and doing well after treatment for a narrow coronary artery. Financial markets, which some feared would drop because of his illness, appeared unaffected. *Reuters*

Italian prefers jail to mother's moaning

Rome — A 32-year-old Italian confined to house arrest pending an appeal against conviction for armed robbery has begged the police in the northern town of Brescia to take him to jail so he can escape his nagging mother's moaning. *Reuters*

Nuclear five pressed for a complete ban

MICHAEL SHERIDAN
Diplomatic Editor

The world's nuclear powers, including Britain, will come under fresh pressure to move towards complete nuclear disarmament at talks to achieve a comprehensive treaty to ban nuclear tests opening at the United Nations in Geneva today.

The five declared nuclear states — Britain, France, US, Russia and China — face calls by countries as diverse as India and Australia to work for the elimination of nuclear weapons. They all say they believe in a test ban treaty, but do not want to broaden the agenda any further.

The five nations are seeking to blunt the campaign by arguing that priority should be given to achieving a test ban treaty by the agreed target date next September, when it should be placed before the UN General Assembly.

"We shall resist any effort to link this treaty to other aspects of nuclear disarmament," a Western diplomat said yesterday. The UN regards a test ban treaty as "one of the most prominent issues on the international disarmament agenda since 1954" and its conclusion would be a great prize, as would an accompanying agreement to ban the production of fissile material for weapons.

But the controversy over French nuclear tests in the Pacific has given new vigour to efforts to compel the five to live up to their existing treaty commitments. The nuclear states formally pledged to work for the removal of all nuclear weapons when they renewed indefinitely the Nuclear Non-Proliferation Treaty (NPT) last year.

The NPT confirms the five as the only recognised possessors of nuclear weapons, and provides the main instrument to curb the nuclear aspirations of countries such as Iran and North Korea. It was extended only after a taut round of negotiations which left many Third World countries feeling they had been strong-armed into acceptance.

British ministers are on the

record as saying that "nuclear weapons cannot be dis-invented" and the Foreign Secretary, Malcolm Rifkind, said when he was Secretary of State for Defence that the British Trident nuclear deterrent was the "minimum credible" force — a formula that self-evidently allows no negotiated reduction without loss of credibility.

The Australian Prime Minister, Paul Keating, yesterday launched a 17-member group of international experts, the Canberra Commission, to prepare proposals for complete nuclear disarmament to put to the General Assembly.

"We've got a fortuitous pause in the arms race," Mr Keating said. "We have to be careful that we don't get into a multi-polar game with the likes of Iraq, perhaps Iran, Pakistan, North Korea and Israel developing nuclear weapons."

The Commission includes the British scientist and Nobel Peace Laureate, Joseph Rotblat, the former French prime minister Michel Rocard (his presence a dig at President Jacques Chirac, who is to order one last French test in the near future) and the Vietnam-era US Defense Secretary Robert McNamara.

"My contention is the indefinite combination of these weapons and human fallibility will lead to destruction," Mr McNamara said yesterday. "There is no learning curve with nuclear weapons — you make a mistake here and you destroy a nation."

The Geneva talks could provide a forum for considerable pressure on the nuclear powers although, in the end, their critics will not obstruct a test ban treaty merely to make a political point.

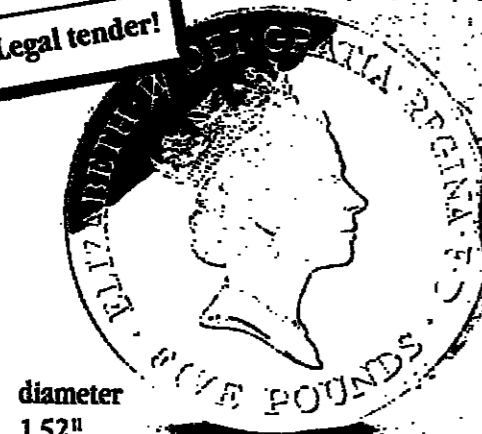
There will, however, be calls to extend the ban to include "sub-critical" laboratory tests which stop short of an explosion. These will be resisted. The major powers, with the possible exception of China, all own or have access to sophisticated computer simulations which should make test explosions unnecessary.

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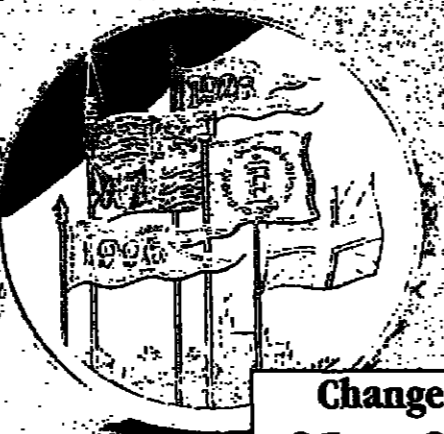
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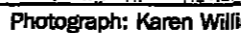
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position to the Oslo accords in the general election later in the year. He says it should argue that it accepts them but will get a better deal than the Labour government when it comes to negotiating on the final status of Jerusalem, settlements, and other outstanding issues.



10
internationalJapan's PM
can only
offer vague
promisesRICHARD LLOYD PARRY
Tokyo

The Diet yesterday convened what promises to be one of its tensest and most unpredictable parliamentary sessions for years, with a speech from the new Prime Minister, Ryutaro Hashimoto, which promised an invigorated economy and an active foreign policy, but shied away from issues which will dominate the 150-day sitting.

Mr Hashimoto's election on 11 January, in place of the Socialist, Tomiichi Murayama, marked the return to power of his Liberal Democratic Party (LDP) after 19 months in the back seat of Japan's three-party coalition. It also signalled the start of serious electoral sparring between the LDP and the Shinshinto (New Frontier) party, the main opposition group, led by former conservative colleagues of Mr Hashimoto.

The next election will be the first to be held under a reformed first-past-the-post system, intended to eliminate corruption and promote competition among the parties. As a side effect it is also likely to cost half of incumbent Diet members their seats. To add to the uncertainty, voter apathy is at an all-time high: for the last parliamentary elections, to the Diet's Upper House, turn-out was less than 50 per cent.

The election must be called by the middle of 1997, but the Shinshinto opposition, led by Mr Hashimoto's former colleague, Ichiro Ozawa, is noisily demanding an immediate poll, which many commentators expect as early as the spring. The quiet hysteria which this prospect is provoking will leave little room for the concerted development of policies outlined yesterday by Mr Hashimoto.

"There are many changes that must be made, like it or not, in all aspects of society," he declared, "to cope with the collapse of Cold War structures,

the borderless economy, Japan's enhanced global status, and other international changes." More than a year after the end of a painful recession, he promised full economic recovery by the end of 1996, and renewed deregulation, including a strengthening of the Fair Trade Commission, a notoriously toothless body in highly regulated Japan.

None of this amounts to more than a restatement of previous government policies. On foreign affairs, he was content to ape the vague affirmations of his predecessor: "active initiatives" in international peace-keeping, and the "consolidation and reduction" of unpopular American bases on the island of Okinawa.

The part of his speech which won most attention concerned a group of seven housing loan companies, whose prostration beneath a burden of bad debts has become the government's biggest policy headache. The companies, known as *jusen*, sowed the seeds of their own doom in the 1980s with a series of rash loans to companies, many of them associated with gangsters, and LDP politicians. The government's decision to bail them out with 685bn yen (£4.3bn) of taxpayers' money has provoked fury and has been seized upon by Shinshinto as its principal weapon against Mr Hashimoto, who none the less reaffirmed his intention of pressing ahead with the plan.

But the opposition has its own Achilles heel in the form of Soka Gakkai, a Buddhist lay organisation which campaigns on Shinshinto's behalf. The millions of votes it can mobilise among its members represent a serious threat to Mr Hashimoto. The LDP's efforts to capitalise on a growing public perception of Soka Gakkai as a sinister quasi-political force will demand far more of Mr Hashimoto's energy than the worthy nostrums trotted out yesterday.

Raymond Whitaker meets General Dostam far from the slaughter in Kabul, pursuing trade for his fiefdom
Afghan man of war dons a business suit

The last time I had seen General Abdul Rashid Dostam was in April 1992 at Jhalos Sarraj, a town in Afghanistan where he had come to meet a fellow warlord, Ahmed Shah Massoud.

They looked improbable allies then — the slight, bearded Mr Massoud, a somewhat austere Islamist who had spent more than a decade pursuing a holy war against the Communist regime in Kabul, and Gen Dostam, bull-like in appearance as well as, by all accounts, his pleasures. He had precipitated President Najibullah's downfall by switching sides to the *mujahedin*, and had come through the Salang Pass with a column of armour to claim his reward. However menacing the reputation of the general and his wild Uzbek militia, it seemed a moment of hope for the mountainous nation.

Now, nearly four years later, Gen Dostam was in London, in the same week as Amnesty International described the period since April 1992 in Afghanistan as a "human rights catastrophe" of mass slaughter without end. Wearing an unfamiliar dark suit, he was seeking to encourage trade with his fiefdom in northern Afghanistan, particularly the possibility of gas exploration contracts.

Reminded of the Jhalos Sarraj meeting, he agreed that it was unlikely to be repeated soon: he and Mr Massoud are now bitter enemies. "I lent him those armoured vehicles to get through to Kabul, because Gulbuddin Hekmatyar [Afghanistan's most radical *mujahedin* leader] was blocking the way, but as soon as he was in the capital he forgot any agreements we had made," the general complained. "If they had been implemented, Kabul would not be in ruins now."

Others might argue that Kabul would have suffered more if Mr Massoud and his political chief, President Burhanuddin Rabbani, had not kept Gen Dostam's men at arm's length — they are known as *gelim jam* (carpet-takers), according to the Amnesty report, because of their propensity for looting.

On New Year's Day 1994 the warlord changed sides again. He and Mr Hekmatyar, who had been bombarding the capital for months in an attempt to seize power, launched a combined assault on New Year's Day 1994 which levelled more areas of



Man on a mission: General Dostam, feared as a fighter in Afghanistan, in London to drum up business

Photograph: Edward Webb

Kabul and came within a couple of hundred yards of the presidential palace before Mr Massoud beat them back.

Since then Gen Dostam has kept mainly to his northern stronghold, based on Mazar e Sharif, the country's second largest city. He is reported to receive arms and money from his fellow Uzbeks in neighbouring Uzbekistan, has warplanes with which he occasionally bombs Kabul and is now even conducting his own foreign policy. He denies, however, that his movement "takes orders from others". Nor does he accept that his efforts to do deals on behalf of his part of the country could hasten the formal break-up of Afghanistan: "What we plan is for the good of the nation as a whole — I don't think any true Afghan would be against it."

Amnesty reports that Gen Dostam's followers attack undefended civilian targets, kill people out of hand and seize their possessions, commit rape and run unofficial detention centres where torture is routine. But so does every other faction in Afghanistan — despairing of persuading them to show any respect for human rights, the organisation has called on outside powers to exert more pressure for a peace settlement and to cut off the supply of arms.

Among countries to have provided weapons since the *mujahedin* takeover, Amnesty names India, Iran, Libya, Pakistan and Saudi Arabia, which is reported to have sent Iraqi equipment confiscated after the Gulf war.

Fighting has subsided into a bloody stalemate in the past few weeks, and the UN special envoy, Mahmoud Mestiri, believes he has made progress towards setting up an interim

council to take over power. A government spokesman said last week that Mr Rabbani was ready to step down if an agreed mechanism for the handover could be established. Gen Dostam said he was heading for talks in Pakistan that could endorse Mr Mestiri's efforts.

British diplomats dealing with the region met Gen Dostam last week. "Whatever one's views on him," said a source, "he is one of the main players in the country." And as the general himself pointed out, "People who called me un-Islamic and a Communist, like Rabbani, now want to talk to me."

With Afghanistan's most effective military force at his command — it was trained and equipped by the Soviet Union to serve as the former regime's shock troops — no peace deal can work without Gen Dostam. But even by the treacherous

standards of Afghan power politics, he is not widely trusted. Those who do not harbour ethnic suspicions or consider him a Communist puppet see him as nothing but a mercenary.

Holding court in his London hotel suite, the warlord complained of a "campaign of disinformation", and protested: "We have never wanted any

fighting, except when it was forced on us. Then we had to defend ourselves."

What about his sudden changes of allegiance? "I brought down a hated Communist leader for the good of the country. The next time we were simply defending ourselves. Some people call it war-mongering — I deny that."

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| £50,000 | 5.75% | — | 4.31% |
| £25,000 | 5.55% | — | 4.16% |
| £1,000 | 5.00% | — | 3.75% |
| Lump Sum Account (Instant Access Portion) | | | |
| £100,000+ | 5.25% | — | 3.94% |
| £50,000 | 5.00% | — | 3.75% |
| £25,000 | 4.80% | — | 3.60% |
| £10,000 | 4.25% | — | 3.19% |
| £3,334 | 3.70% | — | 2.78% |
| Trident Gross | | | |
| £25,000+ | 4.80% | — | 3.60% |
| £10,000 | 4.25% | — | 3.19% |
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| £500 | 2.83% | 2.85% | 2.12% |
| £250 | 0.50% | 0.50% | 0.38% |
| Monthly Instant Access | | | |
| £25,000+ | 3.69% | 3.75% | 2.77% |
| £10,000 | 3.40% | 3.45% | 2.55% |
| £5,000 | 3.11% | 3.15% | 2.33% |
| £2,500 | 3.01% | 3.05% | 2.26% |
| £1,000 | 2.81% | 2.85% | 2.11% |
| Index Linked Account | | | |
| 1st Issue Quarterly | | | |
| £1,000 | 6.70% | 6.87% | 5.03% |
| 2nd Issue Yearly | | | |
| £1,000 | 6.70% | — | 5.03% |
| 2nd Issue Monthly | | | |
| £1,000 | 6.50% | 6.70% | 4.88% |
| 3rd Issue Yearly | | | |
| £1,000 | 6.35% | — | 4.76% |
| 3rd Issue Monthly | | | |
| £1,000 | 6.17% | 6.35% | 4.63% |
| 4th Issue Yearly | | | |
| £1,000 | 5.70% | — | 4.28% |
| 4th Issue Monthly | | | |
| £1,000 | 5.56% | 5.70% | 4.17% |
| SAYE Linked | | | |
| £1,200 | 5.25% | — | 3.94% |
| Ordinary Share | | | |
| £1+ | 0.25% | 0.25% | 0.19% |

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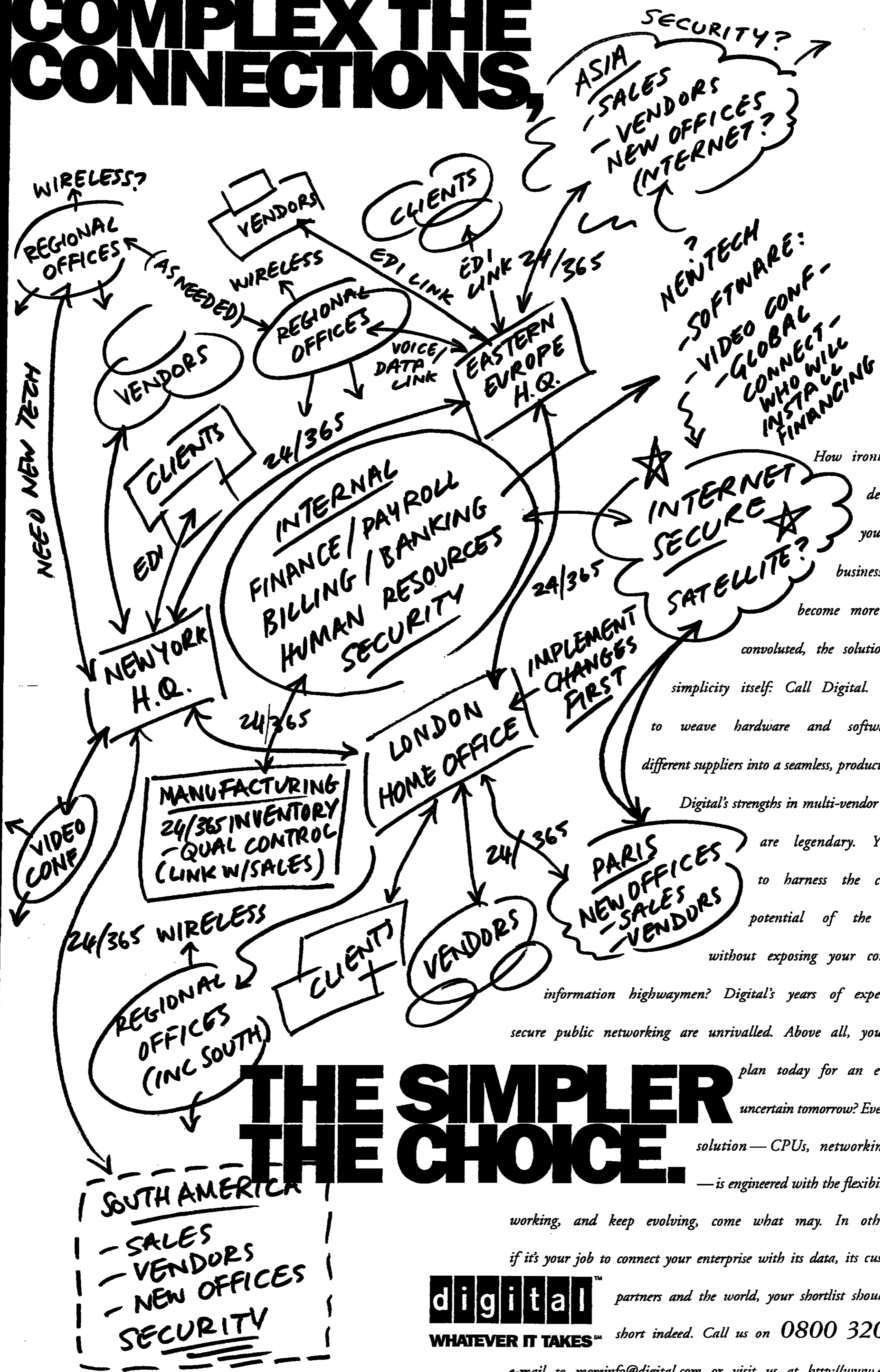
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WHATEVER IT TAKES™

With a nation about to be born in the Middle East, Patrick Cockburn looks at what's in store for Palestinians and Israelis

Welcome to the promised land

What it means for Palestine

After more than half a century of struggle, Palestinians are close to creating an independent state. In a few weeks, the newly elected Palestinian president, Yasser Arafat, will form a government largely drawn from the 88-member Palestine National Council chosen by Palestinian voters on Saturday. The battle that has convulsed the Middle East since Israel was created in 1948 may not be over, but in the past 10 weeks it has been transformed by three events: the assassination of Yitzhak Rabin, the withdrawal of Israeli forces from the cities of the West Bank and the Palestinian elections.

The new state is a strange jigsaw puzzle of competing authorities. Israeli troops are still camped outside the cities they once controlled. There are 135,000 Israeli settlers in the West Bank and Gaza. But Palestinians believe that the 28-year-long occupation by Israel is finally ending. That is why they voted for Mr Arafat and his political movement, Fatah, at the weekend. Israeli opponents of the Oslo peace accords admit that they will never reconquer the land now being given up.

The withdrawal is a partial reversal of the results of the 1967 war, when Israel captured the West Bank, Gaza and East Jerusalem. Yet as Yossi Beilin, the Israeli minister who was one of the architects of the Oslo agreement, recently

Neither Israelis nor Palestinians know if the future holds an armed truce or a long peace

showed that resistance to Israel was growing.

Will the emergence of a quasi-independent Palestinian state remove the curse? For the moment, the Palestinians are euphoric. Israeli opponents of withdrawal from the West Bank cannot protest too vigorously because this could be seen as approval for the 4 November assassination of Yitzhak Rabin. But the situation remains fluid. Negotiations on the future of Jerusalem, the settlements and the frontiers of the two states have

not yet begun. Neither Israelis nor Palestinians know if the future holds an armed truce or a long peace. Within a month Mr Arafat will appoint a government, 20 of its members drawn from the Palestine National Council and five from outside it. Its powers will be restricted by agreements with Israel, but it is stronger than it appears. Formally, it is not allowed to conduct foreign policy, but hardly a week goes by when Mr Arafat is not receiving a foreign leader in Gaza. The new state has no army, but its large police force consists of soldiers with submachine guns in camouflage uniforms.

Critics of the Oslo agreement say the Israelis can at any moment seal off parts of the fragmented territory under Mr Arafat's control. Israeli troops still have the right to enter villages on the West Bank, where two-thirds of Palestinians live. Yet in reality this is sooner said than done. During the intifada, Israel had difficulty enough controlling the West Bank and Gaza, even when it poured in troops and was in charge of the cities.

The ponderous 314-page peace agreement signed by Mr Rabin and Mr Arafat in September appears to have been written to confuse. But the Israeli right's analysis was correct: it is a more radical document than it looks - Israel is withdrawing from the West Bank.

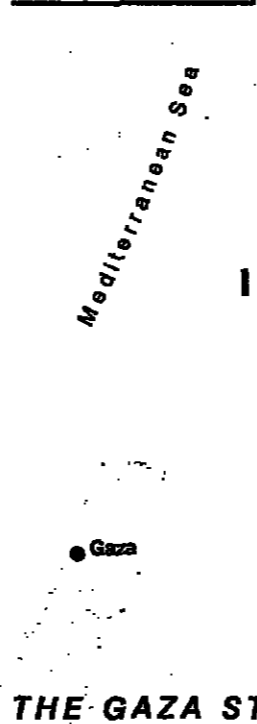
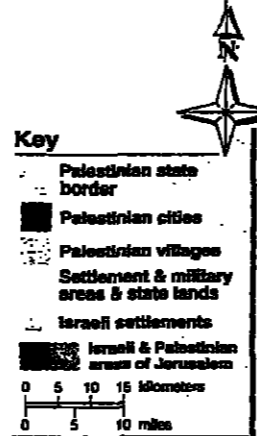
The consequences for the

PLO are no less far-reaching. For 30 years Mr Arafat and the PLO were supported by the Palestinian diaspora in Lebanon, Jordan, Syria and the rest of the Arab world. He formed a sort of government-in-exile. Only the 2.3 million Palestinians in the West Bank, Gaza and East Jerusalem voted on Saturday. Palestinians abroad - in Jordan alone there are two million - are left out on a limb. The PLO has been dissolving ever since Mr Arafat left Tunis for Gaza in 1994.

It should be no wonder that there is strong opposition to the Oslo accords in the refugee camps of Lebanon and Syria. It is they who fought for Mr Arafat in the ferocious battles of the Lebanese civil war, and their comrades were massacred in Sabra and Chatila during the Israeli invasion in 1982. Jordan is full of Palestinians forced out of Kuwait after Mr Arafat supported Iraq during the Gulf war. None of these communities gain anything immediately from the Israeli withdrawal from the West Bank and Gaza. Resentment there against Mr Arafat will only grow.

But opponents of the Oslo agreement will find it difficult to use the disappointment of the diaspora to oppose Mr Arafat. Political activists will return to Gaza and the West Bank, depriving the diaspora of its leadership. The hard core who remain in Damascus will be marginalised.

A portrait of Palestine



ISRAEL

THE GAZA STRIP

The Population

West Bank, Gaza Strip, E. Jerusalem: 2.3m

The Economy

GDP: 1991: \$554 per capita per annum
1995: \$636 per capita per annum

Inflation: 1995: 10.6%

Labour: Unemployment in Gaza Strip and West Bank: 23.5%

Workforce: Gaza Strip and West Bank: 1995: 400,000

Workforce in Israel: 1995: 96,000

1992: 114,000

1995: 35,000

Main exports: Gaza Strip: Agricultural produce, citrus fruits, flowers.

West Bank: Olives.

Industry: Construction: Boom, predicted short-term

Clothing: Manufactured in Palestine, packaged and exported by Israel

The Diaspora

3m Worldwide:

1,000,000 Jordan

500,000 Lebanon

400,000 Syria

90,000 Egypt

15,000 Iraq

850,000 Europe and Americas

The Peace Force

Palestine has a police force and 7 security forces, including

Anti-Terrorism and Naval forces.

estimated size: 30,000

pre-accord: 10,000

Highest rate of security employment in the world.

The Government

PLA Pres (leader): Yasser Arafat

Council: 88 elected members.

Armed to personally select a cabinet.

Sources: Palestinian General Delegation (London), Council for Arab-Branch Understanding, Middle East Economic Digest.

Research - Ben Summers, Tiffanie Darke

What it means for Israel

The assassination of Yitzhak Rabin still dominates Israeli politics. The bullets that Yigal Amir fired into his back after a peace rally in Tel Aviv were the culmination of opposition to the peace process. They were also its nemesis. As Israeli forces withdrew in December, the nationalist right could do nothing. Its first rally in Jerusalem since Mr Rabin died, held last Saturday, was a tepid affair, focusing more on the defence of Jerusalem. It implicitly recognised that the battle for the West Bank is lost.

This does not mean that the Israeli settlers are going

to pack their bags. But the settlements originally had more ambitious plans than survival. They were to be the vanguard of Israeli annexation of the West Bank, which they believed was given by God to the Jews. Like the Pilgrim Fathers sailing to New England in the 17th century, the most extreme settlers believed that on the West Bank they could build the foundations of the theocratic state that they wanted Israel to become.

The dream ended with the death of Mr Rabin. The religious nationalists, who combine exclusive Judaism with territorial nationalism, need

the sympathy and support of the mainstream right. They are not getting it.

Danny Hizny, a religious settler in Hebron, lamented last week: "The assassination of Rabin changed something in our people, especially in the settlements. Leaders of the right in Israel feel accused. They stopped protesting. Today Peres can do anything he wants. To give the Arabs six or seven cities in three weeks is terrible."

Bibi Netanyahu, the leader of Likud, the main right-wing party, had raised the political temperature in the summer and had sought the

support of settlers. Now he is distancing himself from them. But it may be too late. He was badly damaged by Leah Rabin's refusal to shake hands with him because he set the stage for her husband's murder.

The right is not finished, however. Surprisingly, Shimon Peres, Mr Rabin's successor, has focused on reaching peace with Syria by withdrawing from the Golan Heights. It is not a popular move with the Israeli public. Mr Netanyahu will try to fight the election planned for October on this issue, not on the peace accords with the Palestinians.

The future of the peace process

The Oslo agreement of 1993 postponed until the end the most difficult problems: the future of Jerusalem, the settlements, and the Palestinian refugees. These last talks must start by 4 May. They will not be easy.

Jerusalem

The Palestinian election on Saturday was peaceful except in Jerusalem. Lines of Israeli police and troops ensured that only about 30 per cent of Palestinians in East Jerusalem were able to vote. Hanan Ashrawi, the human rights activist, said: "The battle for Jerusalem has already begun." The Israeli position is that Jerusalem is and will remain the eternal and undivided capital of Israel. But by allowing

Palestinians in Jerusalem to vote in the West Bank elections as part of a constituency that extends outside the city, Israeli sovereignty has already been diluted. The future of Jerusalem will be the bitterest issue in the talks.

Settlements

The settlers can no longer expect to take over the whole of the West Bank. They have lost their ideological cutting edge. The official Israeli position is that the government supports the settlers' right to stay. However, privately, compromise is in the wings. About 70 per cent of the settlers live on only 11 per cent of the land of the West Bank. Israeli ministers believe that this land might be annexed

to Israel. The remainder would have to abandon the settlements or get used to living in Palestinian-dominated areas. The Palestinians want the settlers out altogether, but have no means to force them.

Refugees

On the Palestinian side, it is refugees who have done worst out of the Oslo deal. The politically active and wealthier refugees may come back to where Mr Arafat rules. But Palestinian families that became refugees after the 1948 war will get nothing under the Oslo accords. They will not be allowed to return to their homes. The majority of the Palestinian diaspora will remain abroad and marginalised.



Stripped of originality

Lady Godiva thought she was being bold riding naked through the streets of Coventry in support of tax cuts for the poor. She had it easy. There were no ex-conservative ministers around.

The former education minister John Butler has been made patron of the International Godiva Award. Set up by Coventry Council, the award seeks to honour a contemporary female campaigner for social reform.

He has told the organisers he is becoming "bored" with the current fashion in such ceremonies and had one or two stipulations. His support was on the basis "that the Godiva award will not include a nominee who

has anything to do with Aids, multiculturalism, environmentalism, sexism and feminism". That would rule out the environmentalist modern-day Godiva who went starkers in Coventry Cathedral last week in protest against the motor car. But come to that, it would rule out pretty well everybody.

"I was a bit shocked," says Victoria Charlton, the award's director. "He seems to be against the whole spirit of what the legend represents. Lady Godiva did something extraordinary and this is for a woman who has done something quite extraordinary."

Mr Butler assures me he is being reasonable. "All I want is for the judges to be original and unconstrained by contemporary 'isms'. I would prefer an unsung heroine who has been

courageous and effective in an endeavour that 90 per cent of the people would cheer."

That rules out Conservatism, then.

Fistful of art?

Professor Anthony Jones has resigned as rector of the Royal College of Art for personal reasons (his son is very ill). His departure is unlikely to be followed by a rush of applicants for the job. Morale at the place has remained low since the days of Sir Jocelyn Stevens, who sacked 17 professors. But already an unofficial list of runners and riders is being trotted in the corridors of the RCA.

One possible contender is said to be Piers Rodgers, the restless secretary of the Royal Academy. But the front-runner is likely to be Christopher Frayling, at present pro-rector at the college (a post I am assured is less prestigious than being a rector without the pro prefix).

Mr Frayling is the author of numerous scholarly works, including one on the film director Sergio Leone and whatever his scholarly prowess, is destined to be remembered as the man who invented the phrase "Spaghetti Western."

Insider tips

If Harriet Harman is searching for a rejoinder to her critics in



Radice knows his enemy

the Labour Party, she could take a leaf out of the book of Labour's elder statesman, Giles Radice. When Radice was Labour's education spokesman in the early Eighties, he was frequently rounded on by party stalwarts jibing at him over the fact that he had gone to Eton. "Isn't it marvellous," Radice would whisper to them, "all that knowledge I have about the enemy. Now I can use it against them."

Change of play

Method acting is in full swing at rehearsals for *The Changing Room*, David Storey's classic play about rugby players preparing for a match. The cast of the revival which opens at the Duke of Yorks theatre next month have been ordered to attend training sessions with former England international Bev Rismann. They have also been banned from watching the Five Nations games on tele-

vision as they might prove demoralising.

It lacks that serotonin beat

Listen, or rather don't, to Axis Mutatis, the new album by The Shamen. According to this month's edition of *Wired*, they have translated the information contained within the DNA of the S2 protein in the brain into musical notes.

S2 is the brain site for serotonin, the chemical whose effects Ecstasy is supposed to exploit. So when you hear the music, you are meant to feel energetic, confident, happy, etc - without any of the gassy side-effects. I can tell them it failed.

To compensate, I made musical notes out of the chemical information in valium ... and ended up with the greatest hits of Barbra Streisand.

Nordic nerds

The computer nerd is fast becoming an international phenomenon, linguistically speaking. I hear there is now a word for the computer nerd in Swedish: "Datanörd". Sounds even more expressive than the Anglo-American version.

Eagle Eye



Lady Godiva: Have a butcher's, John? No, thanks



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A vision for the centre-left

A realignment to turn the centre-left of British politics into a force that could rule for years and leave a lasting mark upon the way Britain is governed. That is the underlying agenda of Paddy Ashdown's speech last night and the delicate courtship with Labour leader Tony Blair. The prospect of such a partnership emerging is alluring. Such an alliance could amount to the most important new force in British politics since the emergence of Thatcherism and the reconstitution of the Conservative right in the late 1970s.

Ashdown's ideas floated last night are far more ambitious than an electoral pact. He wants Labour and the Liberal Democrats to get together for two Parliaments, the time he thinks it would take to enact a radical programme of government including constitutional reform, the overhaul of the welfare state and modernisation of the education system. At its core would be proportional representation, a system of voting that would ensure the Liberal Democrats maintained a separate identity while working in alliance with Labour.

His model for this co-operative approach is Scotland, where the two parties have hammered out a system of devolved government, elected by proportional representation, that each will put to voters at the general election. If the two parties can agree north of the border, then why not also in the South?

This is a tempting vision for those tired of party bickering and impatient for change. Mr Ashdown is right that the huge programme of reform needed in Britain – of the House of Lords, the voting system and over-centralised government – cannot be achieved in one Parliament. It may be beyond a single party; constitutional change needs a broad consensus. That would be easier to construct if the two parties were working in concert.

And in response Tony Blair has at least cleared his throat, even if the two are yet to agree to share a songbook. In a speech last summer Blair spoke of Labour's debt not only to Attlee and Bevan, but also to great Liberal reformers such as Lloyd George, Beveridge and Keynes. Mr Blair may yet need more practical help from the Liberal Democrat MPs to face down recalcitrant traditionalists in his own ranks.

However such an alliance will not work if it is a takeover. It needs to be an agreement between two parties with separate identities. Liberal values are only dimly understood and even less accepted within the modern Labour Party. Despite Mr Blair's impressive reforms it remains still the creature of the central state and too distrustful of individual initiative and enterprise. Labour is drawn to Singapore for ideas on welfare reform because it is impressed by the success of that state in transforming the economy. Liberals would be far more aware of the lack of individual civil and political rights that have been the casualties of that success.

We need a Liberal Democrat party that is to be a vocal advocate of its traditional values: a distrust of the central state and support for the local, pluralism and individual choice. These values are most deeply rooted in Mr Ashdown's party, going back over a century to the Victorian electoral reform acts and support for devolution in Ireland. Paddy Ashdown is right to want to drag it away from protest and towards power. But he must be prepared to draw on the party's traditions and aim its radical guns at all those, including Labour, who might threaten his party's cause.

Taking extra care of children

It is every parent's nightmare. A sick child, getting sicker by the minute, is shuttled from hospital to hospital, kept waiting for hours only to be denied life-saving intensive care because there aren't enough beds. Such was the story of young Nicholas Geldard, who died before Christmas. And his was not an isolated case, according to the *Independent's* survey of paediatric intensive care units this week. Top hospitals across the country have turned away scores of children from specialist units because they could not cope.

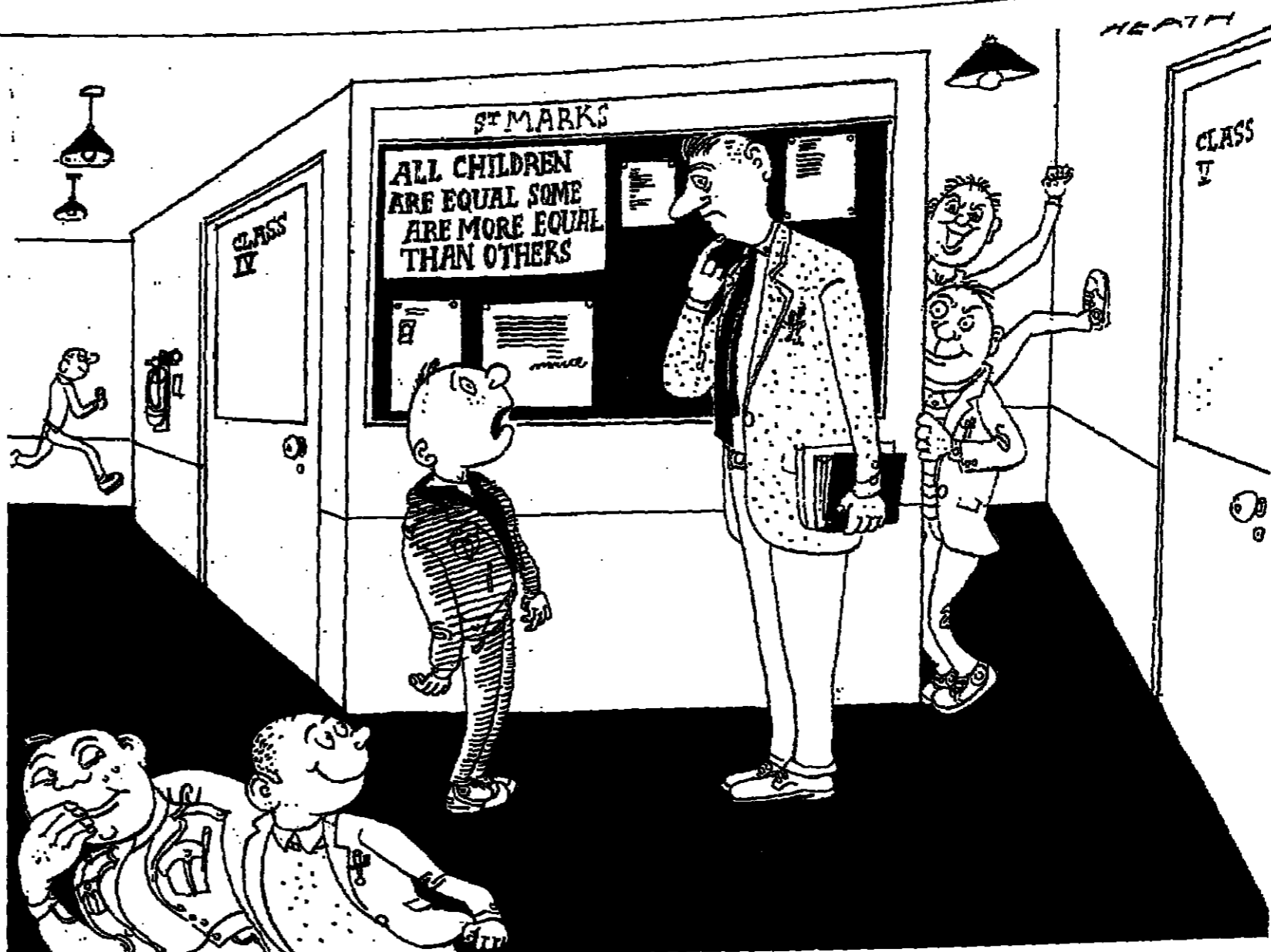
This is not a new problem. As far back as 1987, the death of baby David Barber of heart failure after being shuttled from one hospital to another set people talking about a crisis in paediatric intensive care. And in 1993, a report from the British Paediatric Association pointed out that critically ill children were being turned away from the units that could have given them most specialist help.

Behind these cases are family tragedies. But we should be wary of hysteria. Paediatric intensive care is a victim of its own success. Virtually unknown as a discipline 20 years ago, it has proved an extremely effective area of medicine. Advances in medical knowledge, technology and a sustained focus on child health have made it possible to keep children alive who not long ago would have quickly died. And as usual with health care, supply has created its own demand. As the range of treatments has expanded so more people have come to expect the NHS to deliver them. There is a "crisis" in paediatric intensive care because hospital managers

and resources have not kept pace with the demand for new treatments.

Paediatric intensive care needs to expand. Now that we have the extra knowledge and the new techniques we are morally obliged to use them. On the Health Secretary Stephen Dorrell's own proposals to employ more evidence-based medicine – funding procedures which have proven results – this one's a winner. Of course, extra resources for expanding paediatric care and training additional nurses mean something else has to give. A child dying in an ambulance when the technique to save her life is readily available must be of greater priority than cutting waiting lists for routine operations. The Government and health authorities should make sure resources are shifted towards this field with more funding for specialist centres of excellence and greater investment in nurse training. One of the biggest problems is the lack of trained staff. Incentives to help nurses to study for the extra paediatric qualification should be arranged.

Sadly, the Government has been slow to respond. The Department of Health is delaying formulating a detailed plan for the future of children's intensive care until it sees the outcome of a long term study by the Medical Research Council. This is wasting time. The Government remains politically vulnerable on its health policy. Another case like Nicholas Geldard's and it will regret, as only politicians can, how long it has taken to give children the best care we can afford.



"Which class system am I in, Sir?"

LETTERS TO THE EDITOR

Western approaches to Chechnya's claims

From Mr Richard Clogg

Sir: To justify Russian colonial rule in Chechnya and to endorse without qualification Stalin's categorisation of the Chechens as a "traitor nation" is indeed to display the independence of thought on which your newspaper prides itself (leading article, 18 January).

You state that "law" is not on the side of the Chechens. But whenever have independence movements been on the right side of the law? The French not only colonised but unilaterally declared Algeria to be an integral part of France. Would you really have sought to argue that the Algerian independence movement lacked legitimacy because it contravened French and international law?

You say that no encouragement should be given to the break-up of federations. You may have a point in the case of voluntary federations such as Yugoslavia. But the Chechens never willingly accepted incorporation into the Russian Federation, any more than they voluntarily accepted incorporation into the Soviet Union or, indeed, absorption into the Tsarist Empire.

It took the Russians many decades to subdue the Caucasus in the 18th and 19th centuries. If

Russia persists in its current brutal and obdurate policies, then I fear we may be on the verge of another Great Caucasian War.

In the 1920s a Chechen imam, who was one of the leaders in the struggle against the imposition of Soviet power, famously declared that he was knitting a rope with which to hang engineers, students and all those who wrote from left to right. In the 1990s the West, in doing virtually nothing to restrain Yeltsin's genocidal war against Muslims in Chechnya, is stoking the very fires of the Islamic fundamentalists that it professes to be so concerned about.

Yours sincerely,
RICHARD CLOGG
St Antony's College
Oxford

The writer is sometime Professor of Modern Balkan History in the University of London.

From Dr R. Bennett

Sir: There are several points arising from your editorial "Chechnya is not the West's cause" that need addressing. The equating of the Chechen leadership with "gangsterism and corruption" is to vastly overstate things. It also ignores the role the former USSR played in fuelling the rise

of the Chechen mafia through their economic blockade of Chechnya since 1991. Secondly, there is no evidence that the Chechens supported Hitler's *Wehrmacht*, except in the narrow sense of wanting to be free of the yoke of Stalinism.

Until now the West's main concern has been to support Yeltsin as the guarantor of Russian stability and the preservation of its infant democracy. But with his increasingly eccentric leadership, and the likelihood of his defeat in the presidential elections, the West needs to reassess its response to the events of Chechnya. This must encompass not only its relationship with Moscow but also its relationships with the republics in the Caucasus and Asia. Both of these will be of increasing strategic importance through oil production and supply.

Furthermore, if the West wants to champion democracy and freedom, it must recognise that the ethnic minorities within the former USSR share these rights with ethnic Russians and that their fears and aspirations must be respected.

Yours faithfully,
R. BENNETT
Newcastle upon Tyne
18 January

Greenwich 2000

From Mr Peter Price

Sir: The choice between Greenwich and Birmingham as the main site for Britain's Millennium Exhibition symbolises a national dilemma. Are we an outward-looking nation, determining our priorities in relation to what is going in the world around us. Or have we forsaken that glorious past and become inward-looking, concerned only about what takes place in these islands?

Greenwich symbolises the outward-looking. Here is the world centre of time – GMT – from which time is calculated all around the world. Here is also situated the 0 degree meridian. A great exhibition at Greenwich

could attract visitors from all over the world. It is the only place where the whole world could celebrate the Millennium.

Birmingham, on the other hand, symbolises the latest inward-looking fashion. There is no reason for any American or Japanese visitor, or even a German, French or other citizen of our own continent, to come to Birmingham. They will have their own national exhibitions and events. Located there, our great exhibition would be no more than a national event.

The choice is fundamental. The dithering shows how uncertain we British have become about our place in the world.

Yours faithfully,
PETER PRICE
Chislehurst, Kent

Scottish question

From Mr Stuart G. Boyce

Sir: On Monday, Michael Forsyth the Secretary of State for Scotland, held the first Scottish question time outside of Westminster, choosing New Parliament House in Edinburgh ("Scotland hosts question time", 16 January).

The Tory, Liberal Democrat and Scottish Nationalist Party contingencies were out in force, yet less than half of the 49 Scottish Labour MPs bothered to attend and question the Secretary of State, despite having to travel a far shorter distance than usual to represent their constituents. Where were they – possibly at Westminster, taking part in New Labour's pandering to "Middle England"?

It would appear that the real "question" to be asked after this appalling display in the building in which Labour is planning to house its proposed assembly is, "Just how committed to democracy in Scotland is the Labour Party?"

Yours sincerely,
STUART G. BOYCE
Vice-Chairman of Publicity
Young Scottish Nationalists
Edinburgh
17 January

Sharp practice

From Mr Tim Wesson

Sir: It seems that the police are to melt down many hand-crafted, even antique blades in the name of "keeping knives off the streets". Can't they get a knife expert to look over them and donate worthy ones to the British Museum (for example); they could even sell them at auction, with reserve prices to keep out non-collectors, thus gaining some useful police funds.

Yours faithfully,
TIM WESSON
Cambridge
21 January

Post letters to Letters to the Editor, and include a daytime telephone number. (Fax: 0171-293 2056; e-mail: letters@independent.co.uk) Letters may be edited for length and clarity.

Labour's selective principles

From Mrs Andrea Coleman

Sir: The *Independent* has come down heavily and certainly on the "side" of Harriet Harman (leading article, 22 January) because you feel that whatever the policies or outlook of a party, the children of the leaders of that party should not be adversely affected by those policies or that party.

But you have missed the point. To believe, as I do, in the benefits of non-selective education is to believe that those benefits will be available for all our children and that this will ultimately be to the advantage of a better educated and more competitive nation. Non-selectivity is non-negotiable. That means that if we believe in it, we send our children to non-selective state schools and we do whatever we can to make sure that their education is a success for them and for everyone else in the school. That is why I am a school governor.

Many of us could send our children elsewhere, but we do not. This is called acting on a principle and it something that was once observable in the Labour Party. The all-too-obvious point about a principle is that acting upon it may call for a little inconvenience and – worse – it may affect other people.

I am almost 50. I have supported the Labour Party through all its weaknesses and all its pathetic failures. But this is the end of that support.

Yours faithfully,
ANDREA COLEMAN
Norton, Northamptonshire
22 January

Changing social order in Europe

From Mr Richard Nobbs

Sir: Andrew Marr ("The rise of do-it-yourself democracy", 18 January) touches upon a phenomenon that is likely to become one of the defining elements of the society to which we are moving: the gathering importance of "the web of social relationships below the level of the state". It is clear there is an increasingly important role played by voluntary associations in the widest sense of the term, including the social partners and professional associations, in giving voice to the interests of their members in the midst of the many structural changes taking place.

If one accepts the thesis that economic performance is inextricably linked with social performance, then it is vital that the voice of the ever-increasing number of

non-governmental organisations is heard in policy-making circles. We will not be successful in Europe in our job creation efforts if we cannot carry people with us. Flexible labour markets, new work patterns, new roles for women in work, institutionalised part-time work, whatever the approaches that are favoured, all require adjustments in our social patterns.

This has long been recognised within the Commission of the European Union, and on March 28-30 Commissioner Padraig Flynn will be hosting a European social policy forum here in Brussels where we will be welcoming representatives of all such organisations from all over the European Union precisely in order to hear their views on the new order.

Yours,
RICHARD NOBBS
Commissioner of the European Communities
Brussels
19 January

From Mr Jon Gray
Sir: How is St Olave's able to maintain such excellent education while other schools rot? I understand that it is a most congenial place with first-class facilities, and yet it does not charge fees. Does this mean that it is funded in the same way as other state schools? I wonder if my local state schools are badly managed. They look so shabby.

Sincerely,
JON GRAY
Marksbury, Avon

Legal complaints

From Mr C. G. Burrows

Sir: In his letter of 20 January, Martin O'Reilly, acting director of the Solicitors Complaints Bureau, takes you to task for your editorial "When lawyers let us down" (17 January) following the Law Society survey on the handling of complaints against solicitors. Mr O'Reilly states that, "The results refer to matters investigated between 18 and 24 months ago".

SFO alternative

From Mr Geoff Saunders

Sir: To prevent the perpetration of further serious fraud on the people of this country by the Serious Fraud Office, I propose that we replace it with an agency to distribute a reasonable sum of money, say £1m, to anyone who

is charged with serious fraud. Just think of the money we would save in legal aid and legal fees. I myself would be prepared to run such an agency on a part-time basis, for a percentage of the money saved.

Yours faithfully,
GEOFF SAUNDERS
Dorking, Surrey

The Welsh love it, they just can't do it

There was a well-orchestrated groan of protest in Wales when Virginia Bottomley and her merry heritage henchmen said they weren't giving any money for a new opera house in Cardiff. We cannot live without a national opera house, said the Welsh, or some of them. No, no, what we desperately need is a new national rugby stadium, said other Welsh voices.

It is very odd to find the Welsh living up to their own stereotype of rugby-playing and singing obsessives. The image of the Welsh has changed over the years, of course. In the old days it would involve a dash of religion, an inability to teach and to deliver dairy products. I don't know why it was true, historically, that most of the dairymen in London was done by people called Jones and Davies, Williams and Price, but so it was. And back in George Borrow's days, in the last century, you could walk for hours in wild Wales and not meet anyone who spoke English. What would he find today? A nation unable to decide whether it should have a rugby stadium or an opera house, and discussing it heatedly in English in every public bar?



MILES KINGSTON

Rugby and opera. Opera and rugby. A strange pair for a nation to be associated with. The strange thing is that despite the stereotypes, the Welsh aren't very good at either. Not at the moment, anyway. There have been long stretches when they were good at rugby, but younger people will not remember those times. They only just managed to beat Italy the other day, 31-26. At rugby! Nor are the Welsh very good at opera. Well, they are quite good at putting on opera, witness the Welsh National Opera, and they turn out some good singers from time to time, but they don't write any good opera, at least not good enough to get in the standard repertoire, and they don't have anyone good enough to put his arms round Pavarotti and get a

shot at singing at the World Cup Final, because opera is an Italian game, and the Welsh can't get within 31-26 of the Italians at opera.

There is a school of thought that would advise the Welsh not even to try to be any good at opera. I think David Hare would be among them. The eminent playwright was asked on Radio 3, this last weekend, what he thought of opera. The interviewer no doubt assumed that Hare, like all cultured people, supported opera automatically. In fact, he said so. Presumably, said his interviewer, as a theatre person Hare was all for opera.

"Well, I used to dislike opera," said David Hare, choosing his words carefully, "but that was always from a position of considerable ignorance. Now that I know rather more about opera, I have come to hate it."

Oh, dear. What had Hare got against opera? Everything, said Hare. It is abominably slow and keeps grinding to a halt. The unfolding of the drama is terribly artificial and it is very difficult to make out the words, and the singers cannot act (the myth that modern opera singers have learnt to act is

just that, said Hare, a myth – singing and acting are two very different techniques, which is also why so few actors can sing) and he didn't even like the noise it made very much, and he hated all the intervals and queuing at bars and such-like.

It was only when I heard Hare saying all this that I made the connection. Opera is not the only thing like that. There is something else. International rugby! Opera and rugby are virtually the same sport! In both of them, a lot of massed singing goes on in the background while very little happens in the foreground. Rugby, just like opera, is abominably slow and keeps stopping, and it's hard to make out what is happening, and most modern rugby players find it hard to master two different techniques such as running and catching a ball at the same time, and just when you think things are beginning to happen, a figure of authority (conductor or referee) brings things to a halt.

I believe that people also have to queue a lot at big rugby games to get a drink. I also hear on the grapevine that Jeremy Isaacs is being approached to take over Welsh rugby.

Voting reform is a winner for Blair

Paddy Ashdown's invitation to co-operate on political change will be hard for the centre-left to refuse

A lucky leader is one who is offered a chance to change the system, altering a nation's course, tampering with its destiny. A great leader is one who takes that chance. We already know that Tony Blair is lucky: if he makes it to Downing Street he has a chance of changing the voting system and thus the whole pattern of politics. Whether he will take it is now the most important policy question about Labour.

Conservatives who have pondered it are horrified, and understandably so. In yesterday's *Daily Mail*, an anonymous cabinet minister is quoted as warning: "People need to realise if that happened there would not be another Conservative government for 25 years."

Quite. People do need to realise that.

The thought is provoked by Paddy Ashdown's speech last night, which was as strong an invitation to the Labour leader to sit down and talk about a political reformation as I have heard. On education, welfare and economics he laid out a series of principles with which Blair would agree. But he made it crystal clear that voting reform is part of the price for co-operation.

Assuming, as I do, that Blair is serious about his centre-left revival, and truly believes that the large majority of voters want a pro-market but welfarist Britain, tilted towards Europe, then he ought to be at least half-attracted to voting reform. If his policies are really the consensual centre ground, then a proportional system would entrench them, not undermine them. Blairism couldn't lose.

Ashdown is offering him more than the short-term, jobs-for-the-lads deal of the Seventies. The Liberal Democrats' leader is suggesting long-term and secure parliamentary backing for key policies, without necessarily requiring seats in the Cabinet or a formal coalition. His speech implies that he would also support a Labour government from the outside, as a loyal opposition.

This is generous enough, I suspect, to cause Ashdown problems with some of his MPs. It would be particularly valuable to Labour if the party won only a small majority. Blair desperately needs that extra time and security if his ideas on stakeholding, greater investment, political reform and so on are to be implemented and dug in enough to show some return.

As Ashdown put it: "What we have to build in Britain must be robust enough to survive for at least two parliaments and strong enough to carry a programme of fundamental reform against the power of the entrenched vested interests that will oppose it." Such a deal wouldn't be a distraction or a dilution for Labour's social policies. On most of them, the Lib Dems are already more radical. In some circumstances, it could be a precondition for Labour's other agenda.

Blair must also have pondered the effect of voting reform on the British Union. The divergence in political mood of Scotland and England has been strongly accentuated not only by the Home Rule issue but also by the first-past-the-post system, which makes the English south look more Conservative than it is and Scotland more socialist.

As Robin Cook has pointed out,



ANDREW MARR

It is the sort of bold, imaginative stroke one can imagine Disraeli delighting in

more people voted Labour in Kent at the last election than in Glasgow, and more voted Labour in the English south (excluding London) than in Scotland and Wales put together. This truth is hidden by the voting system: PR would make different parts of the country look more politically alike, and would hence have a unifying effect. For a Labour Party worried about the effect of Scottish Home Rule on its longer-term Scottish representation at Westminster, this must be attractive.

Last, but certainly not least, there is the likely effect on the Conservatives of raising the issue of voting reform. A change of this magnitude would have unpredictable effects on all parties. But a proportional system would cause most problems for the Tory coalition. Electorally, both Tory One Nationers and the Thatcherite nationalists would have less reason to continue tolerating one another.

Under PR, both factions could hope to win seats in the Commons by themselves. As the *Mail's* unnamed minister realised, the Tory party would find this a powerful disintegrative force.

There, then, is the self-interested Blair case for embracing voting reform: it would buy him the time he needs to prove himself a serious prime minister, while damaging his enemies more than his own party. It is the sort of bold, imaginative stroke that one can imagine Disraeli delighting in.

Some will complain that it is also unprincipled, and that Blair sees himself more as a Gladstone than a dirty Dizzy. But almost everything that the average politician says about the voting system is unprincipled. When Tories praise the current system for offering stability, what they mean is "us in power for keeps". When Liberal Democrats rail against the frustration of the people's will, what they mean is "us lot kept out".

This is fair enough. A voting system is neither a thing of beauty nor a joy for ever. It is a mechanism, a tool whose shape skews the politics of the country that employs it. That's all. If Blair needs some voting reform principles to disguise a brutal *démarche*, he can pick them up quickly enough.

So why would he hesitate; and what does he really think? Whenever I have talked to him he has seemed coolly sceptical about voting reform, though careful not to commit himself against it. His advisers are split, I guess 50-50.

He has every incentive not to show his hand yet. He knows that if he announced his conversion to reform, he would infuriate some key colleagues with whom his relation-

ship is already problematic. It would be futile to split Labour before an election in pursuit of a policy designed to split the Conservatives afterwards. We may recall that Neil Kinnock also seemed hostile because he, too, was obsessed by the possibility of a pre-election split, yet we now know that he was a private convert to voting reform.

Blair may not be another Kinnock on the issue. But I suspect that he is more open-minded than he lets on, or than some of his advisers would like. He has held strongly to John Smith's promise of a referendum - strongly enough to twist some union arms before the last party conference in order to prevent a vote against it.

More recently, he has sanctioned private frontbench talks with the Liberal Democrats on political reform, and, in an interview with my colleague Donald Macintyre, has said that he would take a view in any referendum on voting reform. Is it thinkable that in the turbulent midst of his reformation administration, Blair would find himself campaigning alongside Michael Portillo and the High Tories, in the "no change" camp?

I used to think so, but I am changing my mind. The implications could not be bigger. If a referendum mandated reform, there would follow a Commons battle of heroic scale, in which every Tory MP returned in 1997 would join with Labour last-ditchers against the change.

I think the anonymous minister, warning his colleagues of a possible convulsion ahead, was spot on. If Blair is offered a chance to make history, he may hum, haw and hesitate. But eventually, he'll strike.

Harriet's done us all a favour

Labour cannot go on hiding from the reality of schools that fail our children, says Glenys Thornton

Harriet Harman's dilemma is one faced by thousands of parents throughout London and many other cities. What would any parent do, given three local schools with very poor achievement records and the opportunity to send their son to a school with an excellent record?

On the basis of the sanctimonious tone taken by Gerald Steinberg MP (the chair of Labour's parliamentary education committee who resigned in protest yesterday) Harriet was presumably supposed to say to her son: "Sorry old love, I know your friends are going to St Olave's and it's a good school, but its selection procedure is against party policy and will cause me and the party no end of trouble if I let you go."

Is not the question, surely, why are the other schools so poor, and what should Labour do about that? It is not Harriet's fault that 17 years of Conservatives who do not know, and care even less, about state-funded education, have left this country with a hopelessly unequal education system. Our schools reinforce our inefficient, socially and economically divided society.

By her action, however, she has drawn attention to the fact that for too long old Labour has colluded with appallingly poor standards in inner-city comprehensives, and particularly in inner London. Our policy is now in shreds.

For too long friends and colleagues have chosen to condemn and drive underground those of us who say these schools are not good enough for our children. This is one of the few areas left in Labour politics where one can be routinely denounced for not being a socialist because you question the current orthodoxy.

But these schools are not good enough for anyone's children. Old Labour pontificates about the importance of supporting local community schools without the slightest notion of the price your children and you may pay to do so.

We give generously of our time to the school, some become governors, others support fundraising and other activities, we help with reading, run clubs after school. But even so, we can still find ourselves defeated and our children's needs not met by teachers coping with large classes, unacceptable numbers of children with special needs, and the problems of mixed-ability teaching under such circumstances. Some of us fly to schools in less poor areas because we can.

On the other hand, he may not. Given that we have a choice, being mobile, determined and having two incomes, there are other options open to us even in the state sector. We could move house, we could use our skills to lobby and press for him to be in a better school further away, he could sit exams like Joe Dromey - for which we would have prepared him.

And who would blame us for taking the opportunities for him that we can? You only get one shot at your children's education. In many ways Harriet has done us all a favour.

If, as Tony Blair says, education is to be the passion of the new Labour government, we need to come clean about the issues we face.

Too many schools are failing too many children. The remedies are many - but the first has to be a commitment to spend money. If we cannot say we will attend to the problems of the many failing schools, we cannot be taken seriously.

We must recognise that all parents have aspirations for their children. They want them to do better than they did, and they feel this with passion.

We must recognise that the middle classes will always have choices, and will exercise them.

Will my rather gentle son survive the local Hackney comprehensive?

Our aim must be to get them to choose within the state sector. It means understanding that creating good educational opportunities for all does not mean restricting choices; it means creating more choices to which more parents have access.

As a parent with a son in year five junior school, who lives in Hackney, who is deeply committed to state education (educated in a Yorkshire comprehensive myself), I can tell you there is real anguish involved in these decisions. Will my brightish rather gentle son survive the rigours of my local Hackney secondary comprehensive with its chronic underfunding, overworked and sometimes demotivated staff, children from enormously deprived backgrounds and lousy results?

Well, he might, with all of the support we can give and buy for him. On the other hand, he may not. Given that we have a choice, being mobile, determined and having two incomes, there are other options open to us even in the state sector. We could move house, we could use our skills to lobby and press for him to be in a better school further away, he could sit exams like Joe Dromey - for which we would have prepared him.

And who would blame us for taking the opportunities for him that we can? You only get one shot at your children's education. In many ways Harriet has done us all a favour.

The writer is director of development of the Fabian Society.

Having faith in freedom

Ibrahim Hewitt argues that education should encourage religious expression, not stifle it

By choosing to exercise their legal right to withdraw their children from religious education in school, Muslim parents in Batley have challenged accepted orthodoxy surrounding "multi-faith" RE in schools. As questions are asked in the media about "the trouble" in Kirklees, we need to ask ourselves, "Why the fuss?"

When I first heard about this, the only surprise I felt was that it has taken parents so long to act. It is patently obvious that teaching Muslim children more about other faiths - in particular Christianity - than their own is neither right nor justifiable. Parents and ulama (Islamic scholars) in the West Yorkshire town have decided that enough is enough. This concurs with a legal opinion from the oldest university in the Islamic world.

'It is one thing to respect others, but self-respect must come first'

Al-Zahar in Cairo, which states: "It is forbidden to let our children learn in such lessons doctrines which violate the religion of Islam... parents should... keep them away from such lessons and notify the... schools about their wishes."

The right to withdraw a child from RE in Britain goes back to the 1944 Education Act, but this is the first time that a single large bloc of Muslims has opted to do so. Judging by the reaction, the fear is that it will not be the last. It is debatable whether such action will spread and - wistful thinking aside - I doubt that it will. Batley is a very close-knit community of Muslims with a healthy respect for the ulama and any advice from the latter is likely to be acted upon. This (sadly) cannot be said of all Muslim communities in Britain.

Nevertheless, the dispute centres on the nature of the locally agreed RE syllabus and so it could affect local education authorities (LEAs) all over England. According to the 1988 Education Reform Act, RE syllabuses must "reflect the fact that the religious traditions in Great Britain are, in the main, Christian whilst taking account of the teaching and practices of the other principal religions represented in Great Britain". Getting the balance right between Christianity and other faiths is the task of local "agreed syllabus conferences", the membership of which is appointed by each LEA. National "model syllabuses", however, carry the weight of official directives rather than helpful guidance. Whatever syllabus is chosen, if it suits local needs all well and good. That is what good practice - of which there are many examples - should be centred on.

Should we be surprised that Kirklees Council finds itself facing a rejection of something supposedly "agreed" by all faiths? Isn't choice what the democratic process is all about? Why should "the Batley syndrome" necessitate a "compromise" between the LEA and the Muslim community? Telling parents that they



Faith first: few Muslim parents have withdrawn their children from RE in schools

Photograph: Guzelian

can withdraw their children from RE and then berating them for doing so is bemusing, not to say amusing. Many in the interfaith movement will deplore what is happening, for very sincere reasons, but I think they are misguided in their sincerity. A few years ago, on *Kibitz* (we all make mistakes), I sat next to Rabbi Cyril Harris, then of St John's Wood Synagogue, now South Africa's Chief Rabbi, and he made a very pertinent point when challenged on the issue of "separate" or "exclusive" RE. Countering the claim that such education makes it difficult for tolerance and understanding to grow between faith groups, Rabbi Harris said: "It is one thing to respect others, but self-respect must

come first." If Muslim children are taught their own faith first and foremost, their self-respect and self-esteem will develop; respect for others will follow. For Islamic RE includes a study of "the People of the Book" (as Jews and Christians are called in the Koran), but it does so subjectively within the context of Islam. Objective study can come later.

Muslim parents, almost routinely in some areas, face an inquisition when submitting withdrawal requests, and many have backed down under intolerable pressure from their children's schools. The lack of sizeable numbers of withdrawals in schools around the country does not indicate complete satisfaction with the RE imparted as

downward spiral begins. A more radical alternative is for the Government to remove the "predominantly Christianity" clause from the relevant legislation, freeing LEAs and schools to develop their own syllabuses more in tune with the needs of pupils. The present system is cumbersome and, as has been demonstrated, prone to criticism. Of course, the Government would see this as an impossibility; there are too many votes to be lost in "middle England" for it to be worth pandering to the wishes of Muslim parents.

A yet more radical alternative is for Muslims to have the same choice of schools as Jews or Christians and for state funding of Muslim schools to be granted willingly. This would satisfy parents whose wish is for a complete Islamic education for their children within the state system.

We should be happy that there are parents taking a keen interest in their children's education. It will be a shame if a desire to "do the right thing" for all children combines with an inflexible system to deny real choice to the very people it sets out to serve. If any fear arises out of this latest disagreement, this should be the one.

is frequently claimed. One LEA in London once accused Muslims of forging withdrawal requests, in its effort to ensure that parental choice was ignored and refused.

Is there a way out? The 1944 Act allows children who have been withdrawn from RE to receive alternative, more suitable lessons from qualified teachers as long as there is no extra cost to the school. Any head teacher with an ear to the ground and an eye on the delegated budget must surely want to respect parents' wishes and be only too happy to make provision for alternative, fully Islamic RE for children withdrawn from the statutory lessons. Failure to do so would place the school at risk of losing pupils to other, more enlightened schools; lose pupils and you lose money and the

Telling parents they can withdraw children and then berating them for doing so is bemusing

The writer is Development Officer of the Association of Muslim Schools.

ANOTHER VIEW Rhoda Koenig

Why puritan America just loves Jane Austen

"One half of the world," wrote Jane Austen, "cannot understand the pleasures of the other." This aphorism is confounded by the ecstatic reception given in the United States to *Pride and Prejudice* and, now, *Sense and Sensibility*. The first was seen by more than 11 million people when shown on American television; the film of the second, starring Emma Thompson and Hugh Grant, has won awards for Best Screenplay and Best Dramatic Picture at the Golden Globe Awards, considered an accurate predictor of the Oscars, and is expected to do £50m worth of business.

Part of this can be explained by the

casting: neither Jennifer Ehle nor Thompson will make female viewers jealous, while the cuddly Grant and the smouldering Colin Firth are disty without being vulgar. But while this obtains on both sides of the pond, other factors contribute to Austen's American success.

Both films feed the fond American notion of English culture and refinement, an idea that thrives on lack of familiarity. Americans would be astounded to be told that the Bennets and the Dashwoods, despite their live-in servants and fancy clothes, are merely upper middle-class or that the real aristocracy, occupied with

huntin' and whorin', can be pigs at table and something worse in bed. Austen's dialogue is sharp, simple and free of allusions to such arcane as the poetry of Byron or the Battle of Waterloo. To Americans, who think every Brit has a butler or is one, she makes the upper class not only enviable, but also recognisably human.

The low level of extra-marital romping in Austen also pleases punters in America, where *Showgirls* and similarly raunchy ventures have bombed. America is so much bigger and richer than Britain, and so much more openly dedicated to experiencing pleasure and marketing it, that one tends to forget

it is still a puritanical country. Religious revivals, including the virgin-and-prod-of-it movement, have huge followings; rates of teenage pregnancy and illegitimate births are lower; pornography can carry severe legal penalties; political correctness restricts or prohibits much sex-related speech and conduct; television does not show nudity. Austen's suitability to young persons recommends her not only to the would-be cultured but also to Americans who can't find Britain on the map. Her extended, graceful narratives are a refreshing change for audiences who are familiar only with a jumbled, episodic format as an excuse for

delayed sexual consummation and marriage - as in *When Harry Met Sally*, for example, or Hugh Grant's own *Four Weddings and A Few Bonds*.

Classy and clean, the Austen adaptations are a good advertisement for England and will doubtless lift admissions to Chawton, as *Bridget Jones* did to Castle Howard. If the tourists arrive a bit glassy-eyed, however, we will know that they ran into modern Britain, with its tattoos, shaven heads, and nostril, nipple and navel rings, on the way.

The writer is a London-based American literary and theatre critic.

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Aerospace crisis: Collapse of loss-ridden Dutch plane-maker could boost competitor BAe but hit profits at Rolls-Royce

Fokker facing extinction after Daimler pulls out

IMRE KARACS
Born
and RUSSELL HOTTEN

The loss-making Dutch aircraft manufacturer Fokker was on the verge of extinction yesterday after its largest shareholder, Daimler-Benz of Germany, pulled the plug on further investment.

"Profitability must take precedence over revenues," said Jürgen Schrempf, chairman of Daimler-Benz, after an extraordinary meeting of the company's supervisory board in Stuttgart, which posted unexpectedly high losses for the group.

"With over 80 per cent of our business running satisfactorily, we owe it to our shareholders not to allow the other 20 per cent to impede our overall performance," he said.

Daimler-Benz holds a 39.3 per cent stake in Fokker, and the Dutch state holds 11.2 per cent.

Over the weekend, the Dutch government refused to put up the 3 billion guilders (£1.2bn) emergency cash injection necessary to keep the company afloat.

The regional aircraft manufacturer, employing 7,800 workers in the Netherlands, has debts of 4 billion guilders. Last August it posted a record loss of 460 million guilders.

Trading in Fokker shares, which lost half their value over the past two weeks, was suspended on the Amsterdam stock exchange ahead of yesterday's announcement. Though the Dutch government may agree to keep the five Fokker plants going for a few months, contingency plans were being made yesterday for what would be the biggest redundancy in Dutch history.

Fokker is a direct competitor to British Aerospace, and news of the crisis contributed to the rise in BAe's share price which fol-

lowed the Orange mobile telephone flotation announcement. BAe shares closed up 12p at 885p.

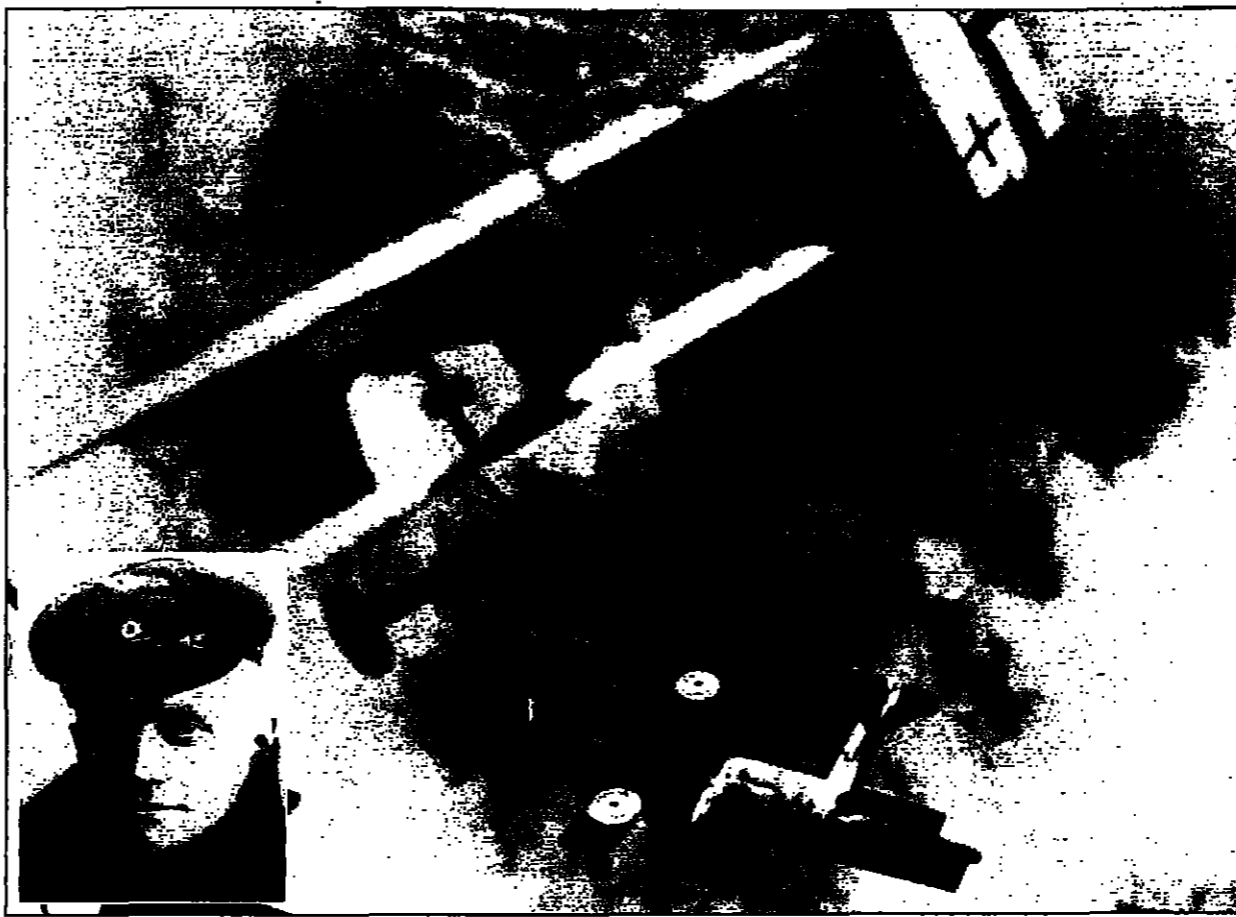
But Fokker is also a big customer of the aero-engine manufacturer Rolls-Royce, whose shares fell 3.5p to 197.5p. One analyst estimated that Fokker's collapse could hit R-R profits by 5 per cent in 1996.

Shorts, the Belfast defence manufacturer, also makes wings for Fokker. About 700 of its 1,500 workers are directly involved.

BAe declined to comment on the Fokker situation, but repeated calls for European aerospace to consolidate and tackle the gross overcapacity in the market. There has been speculation that Daimler may seek to put Fokker into an alliance with Aero International Regional, an aircraft joint venture between BAe, Alenia of Italy, and France's Aerospatiale.

Fokker has continued to expand production capacity to some 42-45 a year, against the 18 Avro jets BAe produces each year. Fokker aircraft sell at about £25m, about \$5m higher than the BAe product, which has doubled its order book to almost 100.

Taking the write-off of Fokker into account, Daimler-Benz will have lost DM6bn in 1995, a record for a German firm. Last week the company announced a restructuring package for the electronics group AEG, at a cost of DM1.5bn and some 8,000 jobs. Daimler-Benz shares in Frankfurt dropped by 2 per cent on yesterday's news.



Tailspin: During the First World War the fearsome reputation of Fokker aircraft was established by the Red Baron (inset)

Black day for Red Baron's planes

Fokker is one of the oldest names in aircraft manufacturing, writes John Eisenhammer. The Dutch plane maker pioneered the development of passenger aircraft. But to many British youth brought up on a fare of war comics, it remains the name associated with exploits of Germany's First World War fighter ace, the Red Baron von Richthofen.

Anthony Fokker, the founder, supplied the Red Baron with his famous tri-planes. It was only

just after the Great War, in 1919, that Fokker was formally founded as a company, going on over three-quarters of a century to design and build 125 different types of plane. The Fokker IV made aviation history in 1922 when it crossed the United States from coast to coast.

It gave birth to the eight-seater Fokker VII in 1924 and made the first direct flight from the Netherlands to Dutch Indonesia in the same year.

The death of its founder in December 1939 and the German invasion halted project development during the Second World War, but in 1946 it was rebuilt by the post-occupation government.

A 10-year marriage to the German plane-maker VFW in the 1960s foreshadowed Fokker's rescue in 1993 by Daimler-Benz, but recession plunged Fokker into the red and prompted the first of many state bail-outs in 1987, as it flew into increasing turbulence in the hugely competi-

tive market for medium sized commercial aircraft.

The company was back in the black by 1990 and predicting good times ahead - spurring merger talks with Daimler's subsidiary, Deutsche Aerospace (DASA), which saw this expansion as the means to realising its dream of becoming the predominant national aircraft manufacturer in Europe. The deal was finally done in March 1993, by which time Fokker was already on the rack.

Options windfall lands on Norman

NIC CICUTTI

Asda's chief executive, Archie Norman, has netted an instant profit of £1.8m after exercising his right to buy more than 2.4 million shares in his company at 36p and selling them for 110p.

Mr Norman's share option windfall comes on top of his £510,000 salary, including the £138,000 performance-related bonus he drew in the year to April. It also follows a decision on his part to exercise 2 million options in July last year, boosting his pay package in 1995 by a further £1.26m.

An Asda spokesman yesterday said: "This was the last day in which he could exercise them if he was to have fresh options issued to him. He has now been granted a further 791,895 options exercisable not before January 22 1999, at a price of 111.5p."

He denied that Mr Norman's decision was motivated by a wish to withdraw from the company in order to further his political career within the Tory party. "The position is as it has always been. This is an old rumour and nothing has changed. His commitment is to the company."

Even after the decision to exercise his options on Friday, Mr Norman retains a further 2 million-plus options, worth at least £1.6m at today's prices. They can be cashed in at any time up to March 2002.

He was also granted 520,328 share options at 54.5p, of which half can be cashed in July 1997 and the other half a year later. With Asda shares at 108p yesterday, down 3p, he is sitting on a paper profit of £250,000.

In September, as part of a bonus package first agreed in 1993, Mr Norman was granted the right to an additional 279,000 shares at just 1p each. His deputy chief executive, Alan Leighton, was granted 227,000 shares at the same option price.

Under the auspices of Mr Norman and Mr Leighton, who joined the company in 1992, Asda has been transformed from a company on the brink of collapse into Britain's third-biggest food retailer.

In 1991, it was struggling under £1bn of debt. Shares reached a low of 23p in August 1992. Since then, Asda's market capitalisation has risen from £640m to more than £3bn.

Last year, the supermarket group announced a 35 per cent leap in profits before tax to £246.2m in the year to the end of April 1995.

Slowdown in growth breaks Clarke's economic forecast

PAUL WALLACE
Economics Editor

Sluggish expansion in the economy in the fourth quarter brought the annual rate of growth down to its lowest for almost three years. The continuing slowdown meant that Kenneth Clarke has missed the forecast for growth in 1995 set out in last November's Budget.

Labour said the fall in the growth rate to 1.8 per cent, compared with the fourth quarter of 1994, highlighted the underlying weakness of the UK economy. "The Government's failure on the economy and especially on investment has stunted economic growth," An-

drew Smith, shadow chief secretary, said.

But the Treasury said the fundamentals were still in place for a bounceback in the economy. The Chancellor stood by his forecast of 3 per cent growth in 1996.

However, the 2.6 per cent growth in gross domestic product for the whole of 1995 compared with 1994 was somewhat less than the Treasury forecast of 2.75 per cent made at the end of last year, and well down on its forecast of 3.25 per cent made in the 1994 budget.

This first estimate of economic output for the whole of 1995 brought total growth since the trough of the recession at

the beginning of 1992 to over 10 per cent. Since the earlier peak in the second quarter of 1990, output has risen by more than 6 per cent.

The sectors performing most strongly since the low point of the first quarter of 1992 were computer services and air transport, which have expanded by over 20 per cent. Business services and oil and gas extraction have grown by around 20 per cent.

Retailing and catering have grown in line with the economy as a whole, at about 10 per cent. Manufacturing has increased by less than average, with an 8 per cent pick-up in output. Construction has been the most no-

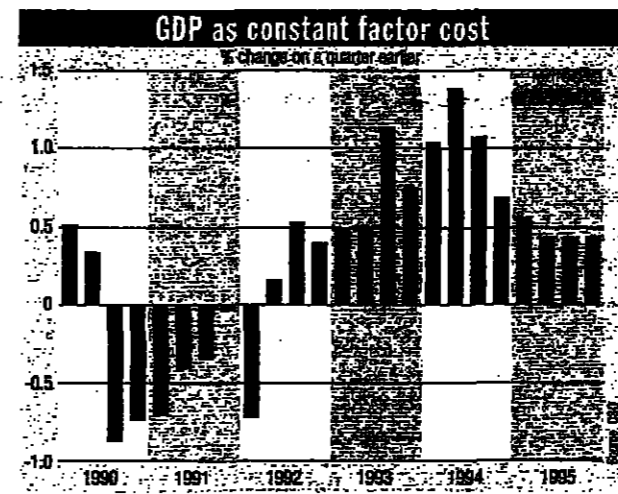
table weak spot. The insurance sector has also made no gains.

This pattern of growth in services and weak construction was also displayed in the quarter-on-quarter growth estimates. Overall, output grew by a meagre 0.4 per cent for the third quarter in succession, equivalent to an annualised rate of 1.6 per cent.

However, services, which account for almost two-thirds of the economy, grew by 0.7 per cent, a touch stronger than in the third quarter. Overall growth was dragged down by a further decline in construction, although less than in the previous three quarters, and flat industrial production.

Within services, growth was strongest in wholesaling and catering, which expanded by more than 1 per cent. Retailing grew by a little under 1 per cent. Business services, telecoms and recreational activities also posted healthy growth. However, insurance remained weak.

The question now is whether weak growth will persist in the first half of 1996. Today's industrial trends survey from the Confederation of British Industry will provide some clues. Last October there was a marked fall in business optimism, with a balance of 11 per cent of manufacturers saying they were less rather than more optimistic.



House sales hit four-year low

NIC CICUTTI

The fragility of the housing market recovery was underlined by figures yesterday showing that the number of home purchases in England and Wales during December were at their lowest level for four years.

Optimism on the loans front is also set to be dashed later today with figures from the Building Societies Association likely to show the net amount lent last month fell substantially below November's total of £865m. The net lending total of about £50m will, however, still be substantially up on the previous figure of £295m, which was recorded in October.

Housing transactions recorded by the Central Statistical Office for December were 89,000, down about 14 per cent from the figure of 104,000 for the December 1994.

The new sales low comes despite figures from Halifax Building Society showing that house prices have risen every

month in the last five. Since September mortgage lenders have reduced the cost of home loans three times in a bid to kick-start the market.

The crisis facing the housing market last year was underlined by the fact that transactions in England and Wales, at 1.13 million, were the lowest since 1991.

A BSA spokeswoman said: "One cannot argue that these are good figures. They do imply that December was not a good month. We seem to be going two steps forward and one step back."

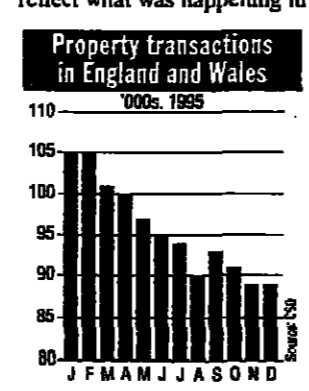
"We expect mortgage lending figures for December to be gloomy, but the month is not traditionally one in which a lot of sales activity takes place. It could be argued that the very fact that transactions have remained stable compared to November is in itself a measure of a element of stability now in the market."

The quarterly figures, issued by the Central Office of Statis-

tics, show an overall decline in transactions in the final quarter of last year, down to a seasonally-adjusted figure of 269,000, itself the lowest level since the first three months of 1993.

Rob Thomas, building society analyst at UBS, the Swiss banking group, said: "Property transaction figures lag behind what is happening in the market."

"In this case, they probably reflect what was happening in



October or earlier. One can deduce that there has not yet been that much of a pick-up.

"In fact, we are down to the levels not seen since the worst point in 1992 or 1993. It is difficult to see how the market can remain at these exceptionally low levels."

Ian Shepherdson, UK economist at HSBC Greenwell, disputed the significance of the CSO's statistics: "The fact is that what we are seeing at present is the working through of the worst point in the market several months ago."

"The real figures, which show the level of commitments by lenders, show a different picture altogether. They indicate that the market is moving back upward, though that will probably not be reflected in these figures until the Spring."

"In any case, they are skewed by the fact that Cheltenham & Gloucester was a building society until last August, so there is no meaningful way to compare them year-on-year."

Highland buys 26% stake in Macallan

CLIFFORD GERMAN

Highland Distilleries, the owner of Famous Grouse, the best-selling blended Scotch, yesterday paid £46.6m in cash for a 26 per cent stake in Macallan Glenlivet, owner of one of the best-known premium malts.

Highland acquired the distribution rights for the Macallan brands in the UK in 1994, and the Famous Grouse and the Macallan complement one another in the UK, Highland's managing director, Brian Ivory, said yesterday.

Highland sold a 12 per cent stake in Macallan to Remy Cointreau for £21m in 1990 as part of a share swap and marketing deal, and has now paid £46.6m for double its original holding. Remy has been selling assets to reduce its £250m debt mountain, but retains its 9.4 per cent stake in Highland.

Highland bought its stake for 152.5p a share, a 15 per cent discount on last Friday's market price of 182p. It has still paid 35 times Macallan-Glenlivet's current earnings, but sales of Macallan malt have been held back by a shortage of stock which is now easing, industry sources said yesterday, and sales are rising with the help of a clever advertising campaign. Mr Ivory expects the acquisition to dilute earnings by 2 per cent in the first year.

Macallan shares fell 18p to 160p yesterday while Highland shed 6p to 320p. Scotland's broking community gave its approval yesterday. "The earnings multiple is a high one, but given the quality of the sector it makes good sense for Highland to tie up with the Macallan brand," said Alan Gray, analyst at the Edinburgh-based brokers Sutherland & Partners.

Investment Column, page 18

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| Index | Close | Day's change | Change (%) | 1995/96 High | 1995/96 Low |
| FTSE 100 | 3754.20 | +5.60 | +0.2 | 3754.20 | 3554.20 |
| FTSE 250 | 4078.20 | +4.80 | +0.1 | 4080.10 | 3300.90 |
| FTSE 350 | 1861.50 | +2.70 | +0.1 | 1861.50 | 1482.40 |
| FT Small Cap | 1999.87 | +7.74 | +0.4 | 1999.87 | 1678.61 |
| FT All Share | 1854.51 | +2.96 | +0.2 | 1854.51 | 1409.23 |
| New York | 5195.52 | +18.84 | +0.4 | 5216.47 | 3832.08 |
| Hong Kong | 20199.53 | -169.23 | -0.8 | 20689.03 | 14495.41 |
| Taiwan | 10555.33 | +191.24 | +1.8 | 10555.33 | 8967.53 |
| Frankfurt | 2390.53 | -8.23 | -0.3 | 2390.76 | 1910.96 |

| INTEREST RATES | | | | | |
|-----------------|---------|--------|-----------------|---------|--------|
| Short sterling* | | | UK medium gilt* | | |
| Index | 1 Month | 1 Year | Index | 1 Month | 1 Year |
| UK | 8.25 | 8.06 | 7.32 | 8.75 | 7.48 |
| US | 5.56 | 5.25 | 5.57 | 7.84 | 6.01 |
| Japan | 0.44 | 0.88 | 2.98 | 4.73 | 7.98 |
| Germany | 3.99 | 3.28 | 5.83 | 7.59 | 6.82 |

| BOND YIELDS* | | | | | |
|--------------|---------|--------|-------------|-----------|---------|
| Index | 1 Month | 1 Year | Medium Term | Long Term | 10 Year |
| UK | 8.25 | 8.06 | 7.32 | 8.75 | 7.48 |
| US | 5.56 | 5.25 | 5.57 | 7.84 | 6.01 |
| Japan | 0.44 | 0.88 | 2.98 | 4.73 | 7.98 |
| Germany | 3.99 | 3.28 | 5.83 | 7.59 | 6.82 |

| CURRENCIES | | | | | |
|-------------|-----------|---------|------------|-----------|--------|
| B/S | | | E/DM | | |
| Index | Yesterday | Change | Index | Yesterday | Change |
| \$ (London) | 1.5149 | +0.44c | £ (London) | 0.6801 | -0.19 |
| \$ (N York) | 1.5135 | +0.55c | £ (N York) | 0.6807 | -0.24 |
| ¥ (London) | 2.2353 | +0.13c | ¥ (London) | 1.4755 | -0.35c |
| ¥ (London) | 160.208 | +Y1.114 | ¥ (London) | 105.756 | +Y0.43 |
| £ Index | 82.9 | +0.1 | £ Index | 95.9 | +0.2 |

| OTHER INDICATORS | | | | | |
|------------------|-----------|-----------|----------|------------|-----------|
| Index | Yesterday | Day's chg | Year Ago | Index | Yesterday |
| Oil Brent \$ | 18.79 | -0.33 | 18.89 | RPI | 180.7 |
| Gold \$ | 402.10 | +2.5 | 382.10 | GDP | 180.9 |
| Gold £ | 265.43 | +0.88 | 238.974 | Base Rates | 6.25pc |



'It is plainly the case that fund managers are, like everyone else, going to have to become much more accountable for their decisions'

'City's most powerful woman' is just doing her job

It is always possible that Mercury Asset Management will today do the reverse of what everyone expects and back Forté with its 14.1 per cent stake against Granada. On past form that is not very likely, however, and come tomorrow night, MAM's formidable head of investment, Carol Galley, will no doubt once again be accused of selling an incumbent management down the river. This, it will be recalled, is what she was accused of two years ago when Granada was bidding for LWT.

The lambasting she received at that time from Greg Dyke, then chief executive of LWT, began a process of demonisation which seems to have reached a crescendo in this bid. Carol Galley, or "the City's most powerful woman" as she is often called by the newspapers, is portrayed as the epitome of the evil City professional, prepared to surrender socially and economically important companies into the hands of asset-stripping mavericks for the sake of short-term gain, top-drawer bid fees and bumper bonuses. A few myths need exploding here.

Not only is this a clichéd view but it also shows a fundamental misunderstanding of what fund management is about. Fund managers are the people entrusted with our pensions and savings and their job is to seek out the best return they can get for our money. Some, like Carol Galley, are good at it and they get handsomely rewarded for their efforts. If there is one thing they should not be doing, it is getting involved in public policy issues. If a company is to be given spe-

cial protection, that is a matter for government, not fund managers.

The Forté and LWT cases are in truth very different ones. In the LWT case, MAM backed a successful management team – albeit one that on the back of a monopoly franchise was able to reward itself well beyond the point of common decency – only to sell them out when Granada arrived with its money bags. Here the investment decision was simply that Granada's price was too good to refuse. This was also an industry which was fast consolidating – LWT was always going to be prey rather than predator.

In Forté's case, MAM built up its commanding position not because it believed in the management – rather the reverse. Here was an undervalued asset; if incumbent management wasn't able to do anything about it, MAM figured, eventually someone would come along who would. This is not the same thing as putting a company "in play", and Ms Galley fiercely disputes suggestions that she in some way encouraged Granada's Gerry Robinson to bid. From an investment perspective, the strategy has plainly worked. The only judgement MAM needs now to make is whether Forté shares are going to be worth more, or less, if Granada is turned away.

It actually matters not a jot to the economic health of the nation if Forté is broken up, or how much is taken out of this company on the way in the form of City fees. It matters to Granada and its shareholders, for if it all goes wrong, they are going to lose

out heavily. But to the nation? What does it matter who owns the Grosvenor House or Little Chef? Forté is in essence no more than a property company with a Manuel-type service kicker attached for fun. Nobody would complain about the break-up of a property company. But even if it did matter, is this really something that Ms Galley should be factoring into her decision? None of the pension fund trustees who employ her would thank her if she did; they might even fire her.

It is plainly the case, however, that fund managers are, like everyone else, going to have to become much more accountable for their decisions. Once upon a time, these were faceless, anonymous people perfectly able to hide behind the facade of commercial secrecy and say simply: "It's nothing to do with you". As Carol Galley has shown, once you raise your head above the parapet by taking large, strategic stakes in well-known companies, the fund manager and what he – or as often she these days – is doing become objects of public fascination.

Rightly so, too. For many managements they hold the power of corporate life and death in their hands. MAM and the others need to start explaining the general principles that lie behind their investment decisions much more fully. To expect a public statement every time they do anything, rather in the nature of a listed company, is perhaps going too far. But some *glasnost* and *perestroika* in the affairs of the main fund management groups is long overdue. There

is also nothing like pre-emption. Come Tony Blair's stakeholder economy, one way or another, they are going to be held to account.

Investing in Orange proved to be no joke

It would have made a good joke five years ago to suggest that Hutchison Telecom, main investor in the ill-fated Rabbit telepoint system, was about to make a fortune out of pouring money into the much more complex digital cellphone technology. But times change and yesterday's joke seems to have become today's goldmine.

Six months after buying Rabbit, Hutchison made what at the time seemed a bizarre change of course. It bought 70 per cent of what was then called Microtel, Britain's fourth cellular telephone company. BAE, one of the founder shareholders in the development consortium, retained the other 30 per cent. The company later became Orange and next March it floats on the stock market at a valuation that could be worth as much as £1.5bn for Hutchison and £700m for BAE.

The idea of the flotation is to raise £700m to pay off the debts. This would value the company at £2.8bn. The number is an unofficial one from the telecoms analysts at Kleinwort Benson. But it is presumably the one the vendors have in mind since Kleinwort is co-lead manager for the flotation with

Goldman Sachs. The selling point for Orange is not its share of the total cellphone market in the UK – a modest 7 per cent, far behind Vodafone and Cellnet – but its position in digital telephones, the higher quality system that is rapidly displacing the old analogue phones.

The cellphone market is reckoned to be growing at 150,000 customers a month, of which 100,000 take digital systems – and 30,000 of those are Orange's. Altogether, the company claims 26 per cent of the digital market from a standing start in April 1994. Kleinwort forecasts that as the market turns progressively digital, Orange will have a quarter of all mobile phones by 2005. What gives these optimistic-looking growth projections some credibility is the current structure of the market. There is a ceiling on the total capacity the two pioneer companies can offer in digital and analogue services combined. It is thought they may not be far off that ceiling, which is set by the airspace available.

The bulk of their customers are now using analogue. The delicate problem Vodafone and Cellnet have to resolve is how fast to shift to digital within their fixed capacity. Too slow, and they let Orange in. Too fast, and they upset the cash cow of the existing customer base of analogue sets. Orange has a tactical advantage – at least for a year or two. Even so it might seem a bit of cheek to float the upstart newcomer at a valuation of getting on for a half that of the market leader, Vodafone.

The Maxwell trial: Civil action for tens of millions is back in play as brothers await SFO's decision on outstanding indictments

Pension fund liquidator to restart claim against Ian

JOHN WILLCOCK
Financial Correspondent

The liquidator of the main Maxwell pension fund company is set to contact Ian Maxwell's lawyers to restart a multi-million pound legal claim against him over alleged breaches of his duties as a director of the company.

The liquidator of Bishopsgate Investment Management (BIM), Neil Cooper of Robson Rhodes, has already been paid £500,000 by Ian in an interim payment under the claim in 1993. Mr Cooper then agreed to put the rest of the claim, running into tens of millions of pounds, on ice until the end of Ian's criminal trial. The trial verdict does not affect this civil claim.

BIM collapsed at the end of 1991 with debts of over £400m. The BIM liquidator put Kevin Maxwell into bankruptcy with a claim for £400m. He was automatically discharged from this bankruptcy last September. BIM's liquidators have not received any money from Kevin in respect of the bankruptcy.

The claim is one of a number of loose ends left after the acquittal of Ian and his brother Kevin on conspiracy to defraud charges last week. Both brothers will hear on Friday morning whether the Serious Fraud Office intends to proceed with further outstanding indictments against them.

The Department of Trade and Industry said yesterday that it would not decide whether or



Pandora Maxwell with her husband Kevin after his acquittal at the Old Bailey last week

not to disqualify Kevin and Ian as company directors until a lengthy inspectors' report has been completed.

The acquittals have not affected the investigation by two independent inspectors into the Mirror group flotation, which the DTI set up on 8 June 1992.

The report is still not completed, and the DTI has refused to speculate on when it might be ready. A DTI spokesman said yesterday: "The department won't take action prematurely."

Normally the DTI would rely on liquidators' reports on directors' behaviour to decide

whether there were grounds to disqualify them from acting in the same capacity again. But yesterday the DTI said that the inspectors' report supercedes all other investigations.

The BIM liquidator also has a number of other legal claims: against Credit Suisse for £20m, and against the French investment company Euris and Banque Nationale de Paris for another £20m.

Mr Cooper has also joined a number of Maxwell pension fund trustees, Mirror Group Newspapers and the administrators of Maxwell Commu-

cations Corporation (MCC) in claiming a total of over £500m from 15 insurers.

These claims are for breaches of duties by the directors of the Maxwell companies. With the criminal trial out of the way other administrators are pressing ahead with legal claims. Price Waterhouse, the administrator of MCC, is suing Maxwell's auditors, Coopers & Lybrand, for "many millions of pounds" in the US and UK courts. Pw is also suing NatWest, Barclays and Société Générale for more than £100m in the US courts.

STEPHEN WARD and
STEPHEN GOODWIN

Sir Nicholas Lyell, the Attorney General, yesterday reaffirmed his faith in the Serious Fraud Office and the handling of the Maxwell trial after Tony Banks, Labour MP for Newham NE, told the Commons his own gut feeling was that the brothers "are about as innocent as OJ Simpson".

The case, which resulted in Ian and Kevin Maxwell and Larry Trachtenberg, a financial adviser, being found not guilty of defrauding pension funds, was investigated with great skill, Sir Nicholas said.

"The case was handled by the court in an exemplary fashion.

The jury considered the matter with care and reached their decision. That is British justice."

Sir Nicholas said that the way to proceed in such cases in future was under review. "Trial by jury is a very important part of our liberties from which the house and country would never move lightly. But it does not mean that it is necessarily the only way."

"We will look calmly and carefully, when this case is fully over, in a very thoughtful manner as to whether there is a way in which these cases could be tried better than by jury."

But John Morris QC, the shadow attorney-general, and his Liberal Democrat counter-

part, Alex Carlile QC, both defended jury trials in fraud cases. "I know so far of no better way of assessing dishonesty," Mr Morris said.

Lawyers who have represented clients in some of the big fraud trials were anxious yesterday to defend the SFO, their former adversary.

But one senior solicitor pointed out that there was no way to monitor the internal workings of the SFO, or to monitor the agency's performance in the way that the equivalent body is audited in Germany. "The public debate remains totally uninformed," he said.

He pointed out that it was not easy to keep the SFO efficient: "It is not like a commercial firm,

the employees are civil servants who can't be hired and fired at will."

Expert lawyers defended both the SFO's competence in the cases it has brought, and the continuing need for a body that the Roskill Committee report in 1986 said should be a "single unified organisation responsible for all the functions of detection, investigation and prosecution of serious fraud".

The SFO was set up in 1988. The record of the SFO and its director, George Staple, who is to stand down at the end of his five-year contract next year, has been widely criticised in the City and in Parliament since the jury's decision on the Maxwell brothers.

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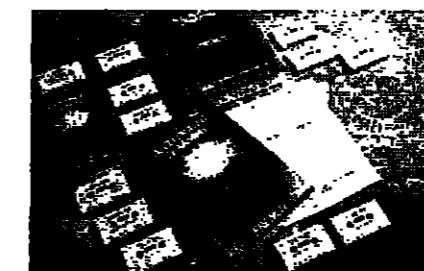
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Granada may face DTI quiz on bid document

MATHEW HORSMAN

Granada last night faced possible action by the Department of Trade and Industry as the clock ticked down to today's 1pm deadline for its £3.9bn bid for Forté.

The DTI is prepared to consider evidence that Granada misled shareholders by publicly understating its asset disposal programme in its original offer document, according to an answer to a written question put by John Carlisle, MP for Luton North.

The issue relates to Granada's promise, detailed in the offer document, to "capitalise on the Meridian brand" if its bid succeeded. But by the time an increased offer was unveiled six weeks later, Granada had decided to sell the hotels outright.

Pointing to comments by Gerry Robinson, Granada's chief executive, that appeared in the *Independent* earlier this month, Forté suggested Granada had intended all along to sell the hotels. In the article, published on 10 January, Mr Robinson is quoted as saying: "We downplayed our intentions because we were bloody nervous that Forté might paint us as asset strippers."

Any action by the DTI would come long after shareholders cast their bids today.

Success for Granada would mark the end of a UK hotels dynasty, and the beginning of a

radical restructuring of the hotels and restaurants business where Forté had made its name.

"It may be close, but Granada must look like winning," one analyst said.

A Granada spokesman said the company was "quiet confident", following several days of meetings with institutions and a ring round of private investors over the weekend.

A Forté spokesman disputed the consensus view in the City, claiming that the outcome was going to be "very, very close". He added: "Shareholders have waited until the very last moment to make a decision, suggesting there is still a lot to play for."

Mercury Asset Management, which holds 14.1 per cent of Forté, is tipped to tender its shares to Granada, although the investment fund's chief strategist, vice-chairman Carol Galley, had no comment yesterday.

Meanwhile, Whitbread held its much-trailed meeting with MAM yesterday, in an effort to convince Ms Galley to back Forté's independence. If Forté sees off the bid, Whitbread will pay £1.05bn for the Little Chef and Happy Eater roadside restaurants, the Welcome Break chain and Forté's Travelodge budget hotels.

A Whitbread spokesman said: "We had constructive and useful discussions," but refused to comment further.

IN BRIEF

USAir climbs out of the red

USAir yesterday offered new evidence of a turnaround in its fortunes, confirming that it had climbed out of the red in the fourth quarter of 1995, recording net income of \$60.3 million compared with losses of \$322m in the same quarter a year before. In 1995, USAir – in which BA has a 24.5 per cent stake – pulled out of a five-year nosedive in which losses totalled \$3 billion. Stephen Wolf, the aviation veteran credited with resurrecting United Airlines' fortunes through the employee buy-out in 1994, took over as USAir's new chairman and chief executive yesterday.

British Gas moves into electricity

British Gas and Scottish Hydro confirmed the formation of a joint venture to invest £15m in a gas turbine power station at Avonmouth. But British companies have missed out on the contract to build the station which has been awarded to Siemens.

Boost for compensation scheme

The Personal Investment Authority, the financial watchdog, yesterday unveiled plans to reform the beleaguered Investors Compensation Scheme by raising up to £15m in additional funds over three years. The money would be used to bail the scheme out should it face moments of crisis such as last year, when the Treasury was forced to step in and guarantee payouts to investors.

Bluebird nets Batman

Batman and Spiderman are to join Mickey Mouse and Polly Pocket in the miniature world of Bluebird Toys. The company has acquired the rights to use the Batman characters from DC Comics, a division of the US entertainment group Time Warner, and Spiderman from Toy Biz, part of Marvel Entertainment of the US. Investment column, page 18

Gold breaks \$400 barrier

The gold price broke through the \$400 an ounce barrier yesterday for the second time in less than a fortnight. In New York, the metal hit a two-and-a-half year high after the price surged \$3.80 to \$403.70 soon after the market opened. In London, gold was fixed at \$401.80, the highest since reaching \$402.65 in August 1993 and up from \$399.10 on Friday afternoon.

Former MI6 chief joins board

Sir Colin McColl, the former head of MI6, is to join the board of the Scottish American Investment Company, the Edinburgh-based investment trust. Sir Colin retired from MI6 in September 1994, having been chief of the security service since 1988 during which time he was involved in both the Falklands and Gulf wars.

business

THE INVESTMENT COLUMN

Edited by TOM STEVENSON

Menzies loses out in paper chase

The slump in half-time profits at John Menzies from £7.3m to £3.8m looked rather worse than it actually is, given the heavy second-half bias of the company's retailing operations. Even so, with little prospect of clawing back any of the damage in the second half, according to the company, analysts' forecasts of up to £45m pre-tax profits look like being £10m too optimistic.

It was no surprise in those circumstances to see the shares slip 29p, or 5 per cent, to 589p, bang in the middle of the beleaguered trading range of the past couple of years. Investing in the retail sector has been a volatile game so far this year, with as many companies issuing profits warnings as boasting of buoyant Christmas trading.

The damage was, predictably, in the newspaper wholesaling arm, where the business is being squeezed from both ends by cash-strapped publishers and supermarket chains hungry for market share. Randal Noel-Paton, managing director, reckons much of the £4m hit in the first six months was a one-off, but it is hard to see that market improving in the near future, any more than it did for NFC and others, once the big retail chains wised up to the fat margins enjoyed by those distribution specialists, and put the squeeze on.

The pace of Menzies' diversification into other distribution markets, such as CD-Roms, computer games and office supplies, suggests the company itself has little faith in the business that currently supplies maybe three-quarters of its distribution division's turnover. Profits slid from £13.6m to £10.8m.

The problems afflicting wholesaling would matter less if the other side of the business, the John Menzies and Early Learning Centre retail operations, were not mature and highly competitive.

In the first half they accumulated a combined loss of £5.6m, slightly better than last year's £5.8m deficit but still putting a great burden on the important Christmas trading period to rescue group profits for the year to April. In fact trading over the festive period was disappointing. The Early Learning Centre, especially, saw trading deteriorate throughout 1995.

Menzies has produced an impressive run of earnings and dividend growth over the past five years. Unwilling to surrender this record, it increased the half-year payout by 4.4 per cent to 4.8p. Even at that level, where it provides shareholders with a paltry 3 per cent yield, it was badly uncovered by earnings

per share of 3p, down from 7.6p. On the basis of the company's full-year profits hint, say £34.5m, the shares stand on a prospective price/earnings ratio of 15. Given the uncertainty, that is asking too much.

Superheroes lift Bluebird Toys

Shares in Bluebird Toys have eased a bit since October, when the announcement of a marketing link-up with Disney sent them soaring to a high of 375p. Selling by founder and chairman Torquil Norman and the charitable trust he established has not helped, but nothing sinister should be read into these moves. Mr Norman, who is 63, has long intimated his intention to step aside to spend more time on charitable causes and last month he confirmed he would retire in May.

More important was yesterday's three-way licensing agreement between Bluebird and three big US entertainment and toy groups, Time Warner, Hasbro and Marvel, for Batman and Spiderman. Bluebird is ac-

quiring the Batman rights from DC Comics, part of Time Warner, and Spiderman from Toy Biz, an offshoot of Marvel. The deal confirms Bluebird's status as a serious player in the toy industry and yesterday's 18p rise to 338p looks fully justified.

Like the Disney tie-up, the new rights give Bluebird access to two extremely well-known "brand" names, which have proved their enduring value. Bluebird will design and manufacture the miniature playsets derived from Batman and Spiderman, which will be similar to its successful Polly Pocket and Mighty Max ranges, and will handle distribution in the UK and Ireland.

But equally important is that, having joined with US toy giant Mattel for the Disney deal, it has now cemented a link with the US distributor Hasbro. The latter will distribute the Batman range outside Britain and Ireland and Spiderman products in all countries outside the home markets, except the US, Canada, China, Japan and Mexico. Batman figures should be available in the first quarter and Spiderman probably in the third, the company says. No figures are being released, but analysts believe it could add £6m to revenues this year and £8m next.

The demise of Mighty Max means profits probably slipped to £18m last year, but could recover to top £23m this year, putting the shares on a forward multiple of 11. Still good value, with Hasbro sitting on a 6 per cent stake.

A nice dram for Highland

Highland Distilleries seems to have done itself, and perhaps its partner Remy Cointreau, a good turn by buying Remy's 26 per cent stake in Macallan Glenlivet. The deal includes shares that Highland originally gave to Remy in 1990 as part of a complex cross-shareholding and shared-marketing arrangement in the markets around the world where the vast bulk of Scotch whisky is sold.

Remy gets £46.6m in cash to help in its debt-reduction programme. It will continue to distribute Macallan in several overseas markets, notably the US. Remy's own 9.4 per cent stake in Highland has also appreciated steadily.

But Highland has certainly had the better of the deal. Highland gave Remy a 12.7 per cent stake in October 1990 when they were worth around 250p a share. It now doubles its original stake at 152.5p each, a deep discount to last Friday's market price of 182p, and its stake in Remy is in the form of convertible bonds yielding 6 per cent.

Highland took over the distribution of the Macallan in the UK in 1994, and now has an increased incentive to promote it further. Highland's best-known blended whisky, the Famous Grouse, and the Macallan malt complement each other in the UK. Sales of Macallan are growing, with the help of a clever marketing campaign. But Macallan is not exactly a cash machine. Even at last night's price of 160p the shares yield barely 1 per cent and sell on 35 times annual earnings. Turnover and profits have fluctuated in a narrow range in recent years.

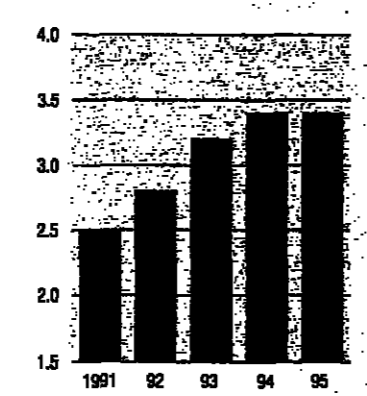
A Highland bid for full control cannot be ruled out, of course. But the directors still hold up to 30 per cent of the shares, and Suntory, the Japanese drinks giant, speaks for a further 26 per cent, so a knock-out bid could prove very expensive. That said, Highland has combined a share structure which protects it from hostile outside bids with a policy of expansion and diversification which has substantially raised its profits and market share in the past decade. At 14 times earnings the shares are well worth holding.

John Menzies: at a glance

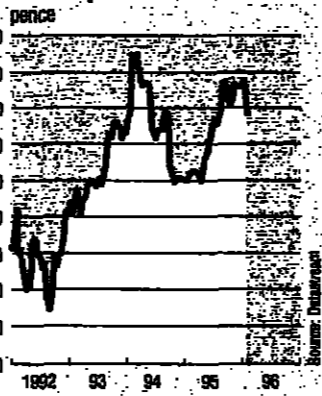
Market value: £331m, share price 589p

| Trading record | 1993 | 1994 | 1995 | 1994 | 1995 |
|-----------------------------|------|------|------|------|------|
| Turnover (£m) | 1.14 | 1.23 | 1.26 | 0.58 | 0.63 |
| Pre-tax profits (£m) | 30.1 | 34.4 | 38.1 | 7.3 | 3.8 |
| Earnings per share (pence) | 34.6 | 40.7 | 44.6 | 7.6 | 3.0 |
| Dividends per share (pence) | 10.8 | 11.8 | 13.2 | 4.6 | 4.8 |

Dividend cover



Share price



Premium income plunges at L&M

NIC CICUTTI

The problems facing insurers still providing old-style home service to their clients were underlined yesterday by London & Manchester, as it revealed that total new premium income fell 28 per cent to £23.8m in the year to the end of December.

The company said a large part of the decline was caused by a 30 per cent drop in single-premium income, largely because it was forced to pull out of the guaranteed income bond market.

But London & Manchester admitted that reorganising its home service division, which exists largely to collect premiums, with its sales channel, had disrupted business.

David Hubbard, chairman, said: "A key strategy in our life company is the merger of our home service and Directons sales channels to form a unified, employed sales force. This process has disrupted our new business efforts but is a central plank of our strategy to write only quality business at acceptable cost."

"Success is already apparent

in improved levels of retention [policyholders who keep paying premiums to the company]." In 1995 the amount of renewed annual income rose slightly compared to previous years.

Mr Hubbard said he was also cheered by proposed changes from the insurers' watchdog, the Personal Investment Authority, to lift the regulatory burden on home service staff who do not engage in complicated sales procedures.

"This positive and constructive outcome creates a stable background from which we can now move forward," he added.

Farnell Electronics shares suspended

TOM STEVENSON
City Editor

Farnell Electronics, the Yorkshire-based electronics distributor, asked for its shares to be suspended yesterday at 679p, pending an unspecified announcement.

The move followed an article in the Yorkshire Post, suggesting the £926m company was poised to make an acquisition which would substantially increase its size.

The company refused to comment further on its plans

yesterday but a spokesman said an announcement would be made within a couple of days.

Industry-watchers were surprised by the prospect of a deal from Farnell, which has grown fast over the past three years to become one of the world's largest electronic distribution businesses.

Only two years ago, 90 per cent of Farnell's business was in the UK, but following the acquisition of Multicomponents, a rival supplier, it now makes 40 per cent of its sales overseas.

As a result of that deal Farnell has become the world's eighth largest component distributor.

Recent moves in Singapore and the US were seen as toe-holds in potentially very lucrative markets.

Turnover at the highly successful company doubled between 1993 and 1995 from £254m to £514m while profits moved ahead during the same period from £41.6m to £59.2m.

When the company announced another record set of figures last October, analysts questioned what the company

could do with its fast-increasing cash pile.

Despite spending £37m on acquisitions during the first half of the year, Farnell still ended the period with over £70m of cash, representing 38 per cent of shareholders' funds. With interest rates falling, the pressure was on the company to find a way to use the funds to expand its successful catalogue-based distribution operation.

Like rival Electrocomponents, with whom it has tied up 80 per cent of the home mar-

ket, Farnell has flourished on the trend for customers to pay slightly over the odds in return for a first rate, prompt distribution service. Unusually for a wholesaling operation Farnell's catalogue business has margins in the high teens.

The formula has also succeeded overseas, where markets are more fragmented and less sophisticated.

Australia and France are becoming substantial businesses, and Farnell is moving into the key US and Far East markets.

New questions for Germany

ECONOMIC VIEW

HAMISH McRAE



The leak yesterday of the new forecast by the German government that growth this year would be only 1.5 per cent coincided with tough decisions at Daimler-Benz over its Fokker affiliate in the Netherlands. The latter has both symbolic and practical importance, and follows Daimler-Benz's decision to dismember its loss-making consumer products subsidiary, AEG.

It is symbolic in the sense that Germany's largest manufacturing company is now prepared to walk away from failure, rather than commit more resources into trying to turn things round. And it is practical in that this not only throws out of work people who might have assumed a few years ago that they had reasonable job security, it demonstrates to others once again that German companies are unable to offer job security.

That affects the former piece of news, the downgrading of German growth prospects, for the greater the sense of job insecurity in Germany (or for that matter, the Netherlands) the greater the resistance among German consumers to go out and spend. These dynamics - the fact that worsening job prospects cut consumption which in turn cuts final demand which in turn is likely to lead to further job cuts - suggest that even the 1.5 per cent forecast may prove over-optimistic. Put it this way: the forecast is more likely to be under-shot than over-shot, which means that the former West Germany is expected to grow at only 1 per cent, with the faster growth being all in the east.

This downgrading of German growth prospects has already led to several lines of debate. One is the implications for Germany's ability to meet the Maastricht convergence criteria, for growth at that level will lead to an increase in the budget

deficit which last year was already at 3.6 per cent of GDP. To tighten fiscal policy in near-recession would be deeply unpopular and perhaps even counter-productive since it would slow growth further.

A second line of debate concerns the monetary implications: the extent to which the Bundesbank will eventually be forced to drop interest rates, and the impact on its neighbours if it is tardy in so doing.

But I think there is another and ultimately more important issue - yes, even more important than Maastricht - which is the extent to which Germany is

vice sector is smaller than that of the UK, France or Italy, but it is not so different from that of other European economies.

In services which are not internationally traded, such as retailing, the quality of output - in terms of the level of convenience to the customer and the hours at which service is available - is significantly lower than that of most other developed nations.

There are other examples of inefficiency, such as the cost of package holidays or of telecommunications, where again Germany's service industries have failed to move with the times.

The brilliant companies created in the 1950s and 1960s are now middle-aged, and are not being replaced at an adequate pace

making the necessary structural changes in re-orienting its economy away from manufacturing and towards services. The downsizing and retooling of the Daimler-Benz growth obviously represents one side of the shift. So Germany can cut, but the financial imperative to do so has become overwhelming. Can it grow?

I do not think it is possible to give a satisfactory answer to this at this stage, but I do think it is possible to set the stage. It is important to distinguish between services which are internationally traded and those which are not. Of course Germany can develop new service industries for the domestic market. Its ser-

vice sector is smaller than that of the UK, France or Italy, but it is not so different from that of other European economies. In services which are not internationally traded, such as retailing, the quality of output - in terms of the level of convenience to the customer and the hours at which service is available - is significantly lower than that of most other developed nations. There are other examples of inefficiency, such as the cost of package holidays or of telecommunications, where again Germany's service industries have failed to move with the times.

Germany. Another is higher education, which takes up to six years to lift students to the level which the British university system does in three.

More serious, because it is growing so fast, is the situation in the entertainment industries. The problem is not just that foreigners do not watch German films, Germans do not watch them either, and half the films made in Germany are never shown to a paying audience. It is Germany's failure to develop exports in this sort of "soft" industry which accounts for the fact that it has the second largest deficit (after Japan) on trade in intellectual property.

The other area of weakness is entrepreneurship. Our own experience shows how the key generator of jobs is the private sector service industries: tiny companies thinking of new services to sell both at home and abroad. It is not just a problem of new company creation, though that is a large part of it.

It is not just a problem of the lack of growth in self-employment, which is exceptionally low by UK standards. It is equally that the companies founded by the post-war generation tend to be in manufacturing, and face the same squeeze on costs as their larger cousins. In the past, when large companies in any industry had been picked up by smaller ones. That is not happening this time.

So the structural problem is in part a generational problem. The brilliant companies created or revived in the 1950s and 1960s are now middle-aged, and they are not being replaced, or rather not at an adequate pace. Creating the new industries takes an element of discomfort, even fear. Things like those growth figures or the plight of Daimler-Benz supply this. But it takes time too.

Simon Pincombe CITY DIARY

Hambros puts lawyers through the hoops



To the Grosvenor House Hotel where Clive Anderson (above) was in biting form at the annual awards extravaganza of *International Finance Review* (the magazine for all your bond requirements), "Never miss an issue," quipped the raconteur as he began the roll of honour. Unfortunately, the news that the "borrower of year" category had been won by the Kingdom of Sweden was more than Mr Anderson could conceptually grasp. "Narrowly missing the Duchess of York," he guffawed before dissolving into an attack of near-hysteria.

Among the rash of new books on management techniques comes the most plausible explanation yet for the cause of the Third World debt crisis. *Monkey Business* (Gower, £25) has been written by Gary Johnson, the marketing director of the never-knowingly-underworld British Biotech (you will recall the shares went through £25 recently on the "cure for cancer" story). Mr Johnson comes from a science background and is of the firm belief that we "are equipped with the evolutionary wisdom of the cave-men".

One of our problems, according to Mr Johnson, is that we tend to form habits - a shortcut by which "the brain bypasses the limited processing capacity of the conscious mind". It was habit, he claims, that led to disasters like the Third World debt crisis when bank managers went on making in-

sane unsafe loans subconsciously. "Habit is the conscious mind for daydreaming," notes the author. There you have it in a nutshell.

Manhattan dentist, Paul Rotwein, is arrested and charged with performing an unusual line in bridging work. Aetna, the leading US insurer, is not at all amused to find it has paid \$3,462 for three sessions on one of its clients. Mainly because Frisella La Polla was dead at the time. Mr Rotwein, who lives on the 39th floor of New York's prestigious Chrysler building, is charged with fraudulently billing the insurance company and with other fraudulent offences - all, oddly enough, on public school teachers.

Opening Ms La Polla's mail, her niece was horrified to find her still undergoing dental treatment from beyond the grave.

IN BRIEF

Internet service provider plans float

The Internet service provider Easynet yesterday announced plans to float on the Alternative Investment Market in March. Easynet, formed in August 1994, offers PC users and business customers more than 90 per cent UK coverage via dial-up lines at local rates, and also access to the Internet via ISDN and leased lines. Two directors of Easynet were also the co-founders of the first Internet cafe where customers can browse the Internet as they eat and drink.

MEPC secures price cut on property trust

MEPC has secured an 88m reduction in the purchase price of Naput, the US property unit trust. Naput, whose portfolio includes regional shopping malls and an open-air shopping centre, will cost £178m, including £102m of debt, against an originally agreed £186m. MEPC also announced a \$73m settlement of a Californian insurance claim following earthquake damage two years ago. Lord Blakenham, chairman, said talks were under way with interested parties on the proposed sale of the property company's European portfolio.

Alpha Airports buys Sri Lankan operator

Alpha Airports is buying 60 per cent of Orient Lanka, the airport duty free operator at Bandaranaike International Airport, from the government of Sri Lanka. The partnership gives it an exclusive 10-year concession to operate the duty free retailing at the airport. Alpha will pay £12m on completion and it has an option to mop up the rest of the shares in three years' time.

Berisford 'on target for growth'

John Slater, chairman of Berisford International, told the company's annual meeting yesterday that it was on target for earnings growth this year. Trading was in line with forecasts in the three months to December. Welbilt, the commercial food service equipment business - which accounts for 80 per cent of profits - enjoyed 12 per cent sales growth. Magnet's sales in the first quarter rose 2.7 per cent on a like-for-like basis.

Restructuring knocks American Brands

After a year of major restructuring, American Brands saw fourth-quarter net income fall 43 per cent to \$154m from \$269m. The comparative includes a charge of \$202m for discontinued operations. Minus the charge, earnings on an operating basis were \$471m.

COMPANY RESULTS

| | Turnover £ | Pre-tax £ | EPS | Dividend |
|--------------------------|---------------|-----------------|---------------|-------------|
| Abscon Recruitment (Q) | 2.89m (2.89m) | 0.11m (0.05m) | 0.4p (1.1p) | nil (-) |
| Croma (Q) | 4.27m (3.77m) | -1.42m (-0.70m) | -180p (-90p) | nil (-) |
| Heritage Bathrooms (Q) | 7.25m (6.14m) | 1.2m (1.0m) | 5.3p (4.4p) | 0.5p (-) |
| London Scottish Bank (Q) | - (-) | 6.0m (6.2m) | 8.7p (7.6p) | 5.0p (4.1p) |
| John Menzies (Q) | 629m (575m) | 3.8m (7.3m) | 3p (7.5p) | 4.4p (4.6p) |
| J Saville Bankers (Q) | - (-) | 2.5m (2.1m) | 1.80p (2.00p) | 1.1p (1.1p) |

(Q) - Final (M) - interim (Q) - Nine months

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[illegible]

| | | | | |
|--------------------------|------|------|-----------------------|----|
| Lincoln Nat Schroders 82 | 4385 | 4025 | Woolwich Life Managed | 18 |
|--------------------------|------|------|-----------------------|----|

saying he had seen tries awarded for even lighter touches of the ball than the one he managed. Most referees would have awarded the five points. I have attacked the practice many times in this column over the years.

Although Underwood was right to claim that normally he would have been awarded the try, the truth is that it was not one. The referee, David McHugh, made the correct decision. He did not always seem to do this in other areas of play. But my sympathies are with anyone who finds himself in the unfortunate position of having to referee an England-France encounter, the kind of sales prices.

Five years ago Underwood would have scored - at any rate tried to score - himself instead of passing to Mike Catt, as he did shortly afterwards.



Nevertheless the wing has come in for some unfair criticism, both for failing to have a go himself and for giving Call a rotten pass. If he had gone on his own and been stopped, he

would have been attacked for selfishness. As for his pass, it is in the nature of the overhead, defender-missing pass to risk ending up at the attacker's toes. It was Catt's job to catch the ball.

Still, I feel sorry for him. All of a sudden, he is having a wretched time. But then, I feel sorry for Paul Hull as well. Now that Paul Grayson is firmly established as England's goalkeeper, there is every reason to give Hull another chance at full-back.

Matt Dawson had an excellent game, and Jon Sleightholme did everything that was asked of him. But again, I feel sorry - this is turning into a typically sympathetic column for me. Dawson is a good player. He was dropped because he did not possess the pace of a true international wine. But

everyone knew he lacked this quality. He himself did not claim to have it. Why pick him, out of position, in the first place? It is his outrageous Christmas he did not let England down once and was certainly the most determined of the backs.

In a curious reversal, the trouble now seems to lie with the English forwards. The front row rarely seemed comfortable. Martin Bayfield and Martin Johnson were not the force everyone expected them to be.

There has been a disposition to blame Mark Regan's throwing in for this. The more probable explanation was probably the lack of a leading line. In No. 6, Abdel Benazzi. He said that England lacked their strong men, Tim Rodber and Dean Richards.

There was a tremendous cheer when Richards came on as a temporary replacement for Ben Clarke. There was a palpable feeling of disappointment when he went off shortly afterwards. Why not pick him in the first place and either restore Rodher or shift Clarke to No 6?

I have deliberately kept till last my views on the right Welsh side. This is because the squad is being announced today, so what I am saying will be overtaken by the announcement. But I am fairly sure the Welsh coach, Kevin Bowring, will not do what he ought to do, and this is to recall Robert Jones at scrum-half and to play Jonathan Davies in the centre, inside or outside, exactly as the great man wishes.

relaxed. When things didn't go too well at the start, I couldn't pump myself up, even though it was one of the biggest matches of my life."

Woodford agreed that "he definitely wasn't the same player who played Pete Sampras", but he added: "He's such a great player that I think you should all just forget about this match and look forward to him playing much, much better tennis."

Boris Becker reached the quarter-finals after being given an early shock by New Zealand's Brett Steven. Becker, the No 4 seed, dropped the first set in alarming fashion before storming back to win 1-6, 6-4, 6-3, 6-2. Becker put his first-set drubbing down to difficulty in working out Steven's weaknesses because he had only played him once before – in 1994 in a match won by Steven.

"I really had to think hard and dig deeper," said Becker, who described the turning point as breaking Steven's serve while down a break at 2-3 in the second set. "It was a good thing I broke him right back. All of a sudden my game was a notch better."

Becker finished with an ace to set up a match with Yevgeny Kafelnikov, who beat Mahi-Vai Washington 6-3, 6-2, 6-4.

The first two quarter-finals will be played today. Andre Agassi, the No 2 seed, is looking to secure the world No 1 spot by beating Jim Courier, the eighth seed. Michael Chang, the No 5 seed, plays the unseeded Mikael Tillström, of Sweden.



Photograph: AFP

superbly," Rob Wainwright, the captain, said. "When we forwards ran out of breath he was always there, encouraging us. He deserves a lot of credit."

Dixon, however, has warned against complacency as Scotland prepare to meet the favourites, France, whose recent record at Murrayfield is miserable. "I haven't seen enough of the new France, but I would certainly hope we could use this as a benchmark for progressing and not to be satisfied with what we achieved against Ireland. But we must keep our feet on the ground, because there is still a lot of work to do," he said.

Ireland look likely to make several changes for their next game in Paris in a month. One option for Kidd and his assistant and fellow New Zealander, John Mitchell, is to turn to the former New Zealand full-back, John Gallagher, who made an unspectacular debut for Ireland A at Donnybrook. Gallagher's experience could be useful in an Irish midfield which lacked a cutting edge against a determined Scottish defence.

Eric Elwood, the outside-half under pressure from Paul Burke, was criticised for missing two kicks at goal, although it is the scrum-half Chris Saverimuttu who could pay the price for defeat. There are also likely to be changes up front, especially among the back row and at No 8, where the Irish trio were outclassed by their Scottish counterparts.

next month. Reeve went to South Africa after the Test series as one of three specialist one-day men selected last September for the final leg of the tour, plus the World Cup. However, he has been sent home while Craig White and Phillip DeFreitas, both added to the squad just before this month's one-day international series against South Africa, are going to the World Cup.

A former Australian Test cricket coach has come to the defence of Muttiah Muralitharan, the Sri Lankan off-spinner, saying he bowls and does not throw.

Daryl Foster, who coaches Kent, wrote to the Board of Control for Cricket in Sri Lanka saying a video of the bowler from six different angles showed that the apparent throwing was a "visual illusion".

"With respect to Muralitharan's leg spin, all views indicated that he does not extend his arm, therefore his leg-spinning action is also legitimate," Foster said.

The verdict adds weight to Sri Lanka's plea of innocence during its rocky tour of Australia, during which the team was also found guilty and then exonerated of ball tampering.

"It's another opinion from a

specialist," Hilary Marcelline, the cricket board's honorary treasurer, said. "It's a split-second thing. What may appear to the naked eye may not do so on video," he said.

Muralitharan was no-balled for throwing during the second Test in Melbourne last month and the International Cricket Council advised him to change his style to ensure his career can continue.

Hawks, reinforced their claims to be included in the proposed Super League that now seems certain to go ahead next season. On Sunday Blackburn entertained Manchester, and the atmosphere created by the 3,500 capacity crowd put to shame some of the Premier Division sides' support. The Storm proved too strong for the Hawks as they eased to a 9-3 victory to increase their lead in the league.

Jonah Barrington

Now 54, he lives in Glastonbury with his wife, Madeline. They have two sons. He still "trains obsessively" but a snapped Achilles tendon has curtailed his playing. "With each year that passes, the age group I can deal with gets younger," he said. "I'm only really good for under-10s now."

Jon Cutley

Basketball

NBA: **Detroit** 96 **Chicago** 111; **Toronto** 97 **Boston** 95; **Houston** 96 **Orlando** 97; **Indiana** 108 **Washington** 95; **Philadelphia** 88 **San Antonio** 118; **Seattle** 108 **Dallas** 101; **Phoenix** 111 **Sacramento** 97; **Portland** 88 **Cleveland** 81.

EASTERN CONFERENCE

ATLANTIC DIVISION

| | W | L | Pct | GB |
|------------|----|----|------|--------|
| Orlando | 29 | 10 | .744 | |
| New York | 24 | 14 | .632 | 4 1/2 |
| Washington | 19 | 20 | .487 | 10 |
| Miami | 17 | 21 | .447 | 11 1/2 |
| New Jersey | 16 | 22 | .421 | 12 1/2 |

| CENTRAL DIVISION | | | |
|--------------------|----|----|---------|
| Chicago | 34 | 13 | 548 |
| Indianapolis | 29 | 11 | 630 1/2 |
| Minnesota | 21 | 17 | 623 1/2 |
| Atlanta | 21 | 17 | 553 1/2 |
| Detroit | 18 | 14 | 614 |
| Pittsburgh | 16 | 20 | 474 1/2 |
| Mississippi | 15 | 22 | 405 1/2 |
| Tennessee | 18 | 18 | 582 1/2 |
| WESTERN CONFERENCE | | | |
| MIDWEST DIVISION | | | |
| San Antonio | 26 | 11 | 703 |
| Phoenix | 24 | 13 | 678 |
| Utah | 24 | 13 | 649 1/2 |
| Denver | 16 | 23 | 410 1/2 |
| Portland | 16 | 23 | 426 1/2 |
| Memphis | 11 | 27 | 289 1/2 |
| Minnesota | 8 | 30 | 211 1/2 |
| PACIFIC DIVISION | | | |
| Seattle | 27 | 11 | 711 1/2 |
| San Francisco | 22 | 14 | 611 1/2 |
| Los Angeles | 22 | 14 | 628 1/2 |
| Portland | 20 | 19 | 513 1/2 |
| Golden State | 17 | 22 | 436 1/2 |
| San Diego | 17 | 22 | 417 1/2 |
| LA Clippers | 15 | 24 | 385 1/2 |

Steve Collins is to make a third defence of his World Boxing Organisation super-middleweight title. The 31-year-old Dubliner will meet the British middle-weight champion, Neville Brown, on Saturday 9 March at the Green Glens Arena in Millstreet, Co Cork – the venue where, just under a year ago, he beat Chris Eubank.

The New Zealand openers, Craig Spearman and Roger Tresco, posted an unbeaten hundred partnership to put their

Chetentham; Farnborough or Slough v Kettering or St Albans; Boston Utd or Chorley v Gainsborough Trinity; Bath City or Yeovil v Hayes or Enfield; Macclesfield v Purfleet; Blyth Spartans v Stralybridge Celtic or Gresley Rovers; Carlisle v Newport AFC; Stevenage Borough v Burton Albion; Wembley v Hednesford or Northwich Victoria; Halifax Town v Bromsgrove Rovers. (Times to be played 10 February).

NEW ZEALAND - First innings 251 (S P Fleming 84, C L Cairns 57).

ZIMBABWE - First innings (Overnight: 231 for 7)

| | |
|-------------------------------|------------|
| P A Strang c Paterson b Patel | 44 |
| A Brandes c Astle b Patel | 39 |
| Strang not out | 14 |
| Extras (b1 b6 w2) | 20 |
| Total | 328 |

Call: 8-310 9-326.

Outings: Cairns 31-12-82; 2; Allott 23-7-56-3; Kennedy 20-3-73-1; Larsen 21-8-30-1; Patel 12-8-20; 2; Astle 3-1-3-0.

[illegible]

Mexico won the Concacaf Gold Cup with a 2-0 victory over the Brazilian Under-23 side in Los Angeles. Spectacular performances came from Mexico's Luis Garcia and Cuauhtemoc Blanco. The Brazilians were reduced to 10 men for the last 10 minutes after their defender

[illegible]

Ice hockey
BRITISH LEAGUE Premier Division (Sunday): Cardiff 9 Durham 2; Humberdale 11 Slough 7; Milton Keynes 5 Basingstoke 5; Nottingham 4 Fife 4; Sheffield 8 Newcastle 4.

Rallying
MONTE CARLO RALLY Leading standings (after yesterday's six stages): 1 P Bernardini (Fr) Ford Escort 1hr 39min 3sec; 2 F Delecour (Fr) Peugeot 306 +1min 9sec; 3 A Schwarz (Ger) Toyota Celica +4:56.

| Snow reports | | |
|------------------------|-----------------------|-----------------------|
| Resort | Conditions (Lower) | Conditions (Upper) |
| AUSTRIA | | |
| Garmisch-Partenkirchen | Good | Good |
| Innsbruck | Good | Good |
| Kitzbühel | Good | Good |
| Sölden | Good | Good |
| St. Anton | Good | Good |
| St. Gervais | Good | Good |
| St. Moritz | Good | Good |
| St. Valentin | Good | Good |
| Wengen | Good | Good |
| Zermatt | Good | Good |

| | | |
|------------------|------------|---------|
| Badgastein | fair | hard |
| FRANCE | | |
| Valmorel | artificial | packed |
| Barèges | hard | powdery |
| Courcheval | hard | packed |
| ITALY | | |

| | | |
|-----------------------|--------|---------|
| Canales | hard | powdery |
| La Thuille | firm | powdery |
| SWITZERLAND | | |
| Zermatt | hard | powdery |
| Champfèry | firm | powdery |
| SPAIN | | |
| Sierra Nevada | hard | powdery |
| NORTH AMERICAN | | |
| Breckenridge | packed | powder |
| Keystone | packed | powder |
| Killington | wet | powdery |

Sailing
Morning Glory, a German yacht, was the first of 100 boats to complete the 1996 Cape Town to Rio sailboat race. The 3,429 nautical miles (6,350km) voyage took 14 days 14 hours 52 minutes.

Squash
Phil Whitlock, the former England captain, is to retire from the Professional Squash Association Tour after 10 years on the circuit to spend more time at

Tennis

AUSTRALIAN OPEN (Melbourne) Men's singles
 Fourth round: Y. NAFELNIKOV (Rus.) bt M. Washington (Us) 6-3 6-2 6-4; T. ENQUIST (Swe.) bt R. Furlan (It) 7-5 6-0 6-3; M. Woodforde (Aus.) bt M. Philippoussis (Aus.) 6-2 6-2 6-2; B. BECKER (Ger.)

| Area open | Last snow | Weather Forecast |
|-----------|-----------|------------------|
| 555 | Dec 1 | Clear, 40-50 |

| | | | |
|-----|------|-------|-------|
| 95% | 8.1 | clear | clear |
| 80% | 12.1 | mixed | snow |
| 45% | 22.1 | snow | snow |
| 80% | 12.1 | mixed | snow |

| | | | |
|------|------|--------|--------|
| 100% | 8.1 | fine | clear |
| 100% | 12.1 | cloudy | snow |
| 60% | 12.1 | sunny | mixed |
| 100% | 7.1 | sunny | cloudy |
| 0% | 22.1 | snow | snow |
| 100% | 21.1 | snow | snow |
| 100% | 21.1 | snow | snow |
| 95% | 21.1 | snow | snow |

Information supplied by Sri Arifine

The Romanian Weightlifting Federation yesterday banned four athletes from all competition for two years after failing doping tests: Nicolae Nita, Constantin Udrea, Marcel Socacu and Alexandru Dumitru.

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SPORT

£40,000 to be won

See Page 22

MAURICE LINDSAY
In defence of Super League

22

Fowler focuses on final push

Football
CLIVE WHITE

Newcastle United are not the only Geordies who have suddenly had to appreciate the threat of Liverpool. Another Tyne-side, Alan Shearer, also now knows what it is like to have them breathing down your neck, even if in theory Robbie Fowler and Stan Collymore are supposed to be on the same side as their esteemed England colleague.

The belated arrival yesterday of the deadly Liverpool duo at the start of the national squad's three-day get-together at Bisham certainly spiced up the proceedings. Unfortunately, Paul Ince, who has had to wait 11 months – for whatever reason – to renew his acquaintance with England team-mates will have to wait at least one more day. He managed to catch the plane from Milan in time on Sunday, after starting for Internazionale in the game at Vicenza, but has had to give in to a back injury.

"Hopefully, he might feel better tomorrow, if not, we will have to see him another time," said Terry Venables, the England coach. Ince is due back in Italy tomorrow to start preparing for next Sunday's big Serie A match with Parma.

With only 18 outfield players permitted for the finals of the European Championship – a number Venables considers insufficient for possibly six games – it seems unlikely that the Liverpool pair's deadly partnership of 17 goals in the last nine games will be transported just now to the international stage. But one of them might just make it to the finals with a late run. At the Roger Hunt, their Liverpool predecessor, in 1966.

The inclusion of Fowler in the senior squad is not before time, though he did gain some valuable work experience when he and three other members of the England Under-21 squad – Jamie Redknapp, Nick Barmy and Sol Campbell – were called up prior to the match against the



Curling lesson: Robbie Fowler looks on as Paul Gascoigne gets into some shooting practice at Bisham Abbey yesterday

Graham Chadwick/Allsport

United States 15 months ago. The 20-year-old believed that since then his all-round game had improved, for which he was indebted to the advice of Ian Rush – "I've learnt everything I know off him, from defending to scoring goals." Judging by the manner in which he has put

them away some would suggest that that latter quality is purely instinctive. "If I get two chances in a game I know I will put away one of them," he said with the confidence of a man who has already dispatched 23 of them this season. Fowler certainly looked at

home in an international environment yesterday. "There are so many other Liverpool players here (the previously injured Redknapp among them) that it could be our Melwood training ground," he said. "I know now I've got the chance to really aim for a place in the finals. I would

be lying if I said I didn't have that ambition." Despite the late call-up, Venables insisted Fowler had always been in his mind, but warned: "The competition is very finely balanced up front and he's got to force out some pretty formidable names. The door's ajar."

A young man's game it may be, but not when it comes to international management, according to Venables. He was not about to disagree with his No 2 Bryan Robson, who believed that the England job Venables is due to vacate after Euro 96 had come too soon for

him. "I've always felt it was a job for an older man because you've got to have certain attitudes. Preferably about 86," he added with a cheeky chappie grin. There have been a few incumbents who may not have felt that age going into the job, but certainly did coming out of it.

Rioch launches Highbury clear-out

GUY HODGSON

Bruce Rioch's inclination to leave well alone at Arsenal came to an end yesterday when he added six names to a transfer list that suddenly expanded to nine. The rumours that the Gunners are about to sign Gianluigi Lentini might have some substance after all.

The Arsenal manager reacted to a third defeat in four games in the Premiership – not to mention an FA Cup defeat at Sheffield United – with an "enough is enough" gesture. To the names of David Hillier, Steve Morrow and Mark Flatts can be added the bulk of the reserve team.

The most prominent additions to the list are Chris Kiwomya and Eddie McGoldrick, who cost Rioch's predecessor, George Graham, £1.5m and £1m respectively, but also included in the clear-out are goalkeeper Vince Bartram, defender Scott Marshall and forwards Paul Read and Paul Shaw.

Lentini cost Milan a world record £13m when he was transferred from Torino in the summer of 1992 but a serious car crash has caused him to struggle to get into the first team, giving credence to reports that Rioch was about to sign him for a cut-price (if that is the right term) fee of around £6m.

Certainly, in Saturday's programme, Rioch suggested change was imminent, writing: "We need new blood. I've nominated three players I'd like the club to sign." Yesterday's move would appear to be a step in that direction.

The turnover at Manchester City Road gained pace last night when the German international, Michael Frontzeck, arrived at Maine Road to discuss a £350,000 transfer from Borussia Mönchengladbach.

The two clubs have agreed the fee and it requires only the assent of 22-cap Frontzeck to personal terms for the move to be completed. The left-back was recommended by City's German goalkeeper, Elke Kimmig, who played with him at Stuttgart.

An England international, David Batty, is also likely to be transferred in the near future, probably to the Premiership leaders, Newcastle. The abrasive Blackburn midfielder player will have talks with his manager Ray Harford today, when it is understood he will be told that the club is open to offers. The fee is likely to be around £3m.

Robbie Earle has failed in his appeal against his recent sending-off and he will miss Wimbledon's FA Cup fourth-round tie at Middlesbrough on Saturday. Wolves last night signed Jiri Novotny, a central defender who plays internationally for the Czech Republic, from Sparta Prague on a week's trial.

Dodds and McLaren banned

Rangers and Aberdeen are considering appealing against disciplinary decisions which could cost them important players for vital league and cup matches.

Aberdeen striker Billy Dodds and Rangers defender Alan McLaren were yesterday given retrospective red cards for their part in an incident at Ibrox last November. They received one-match bans and 12 points each on their disciplinary records.

Dodds faces another two-match ban if Aberdeen decide against an appeal, while McLaren would be one yellow card short of a further three-match suspension. McLaren, Dodds and Rangers' Paul Gascoigne and John Brown all escaped action by referee John Rowbottom on the day of a 1-1 draw

between the sides on 11 November, but Gascoigne and Brown later received one-match bans and 12 points on their records on the strength of a referee supervisor's report.

At that stage, the case against McLaren and Dodds was put on hold as they were then the subject of a police investigation, which was later dropped.

Dodds could miss tonight's rearranged game against Kilmarnock unless Aberdeen lodge an early appeal. He is also under threat of a two-match ban from 5 February for exceeding the points threshold.

McLaren would be banned for Saturday's Scottish Cup third-round tie against Highland League side Keith at Pittodrie. His 12-point punishment would

take him within one booking of a further three-match ban – the main worry for Rangers as any booking from mid-February onwards would rule him out of the Old Firm game against Celtic on 17 March.

"We have to see if they decide to appeal," Tony Higgins, secretary of the Scottish Professional Footballers' Association, said. "I suppose both of them feel they played a lesser part in the whole circumstance. If they do appeal, the bans will be held in abeyance until the appeals channels are exhausted."

In a separate case, the SFA was forced to scrap the red card against the name of Keith's defender Mark Humphries. He was sent off on 6 January for hand-ball in a 1-1 draw with Kilmarnock, but it later emerged that his team-mate Shaun Dennis was the culprit.

The SFA will not take account of television evidence until next season and both Dennis and Humphries escaped punishment after attending a meeting yesterday with the referee involved.

"The referee said he thought it was me at the time, but later after hearing the radio reports he realised with hindsight he may have made a mistake," Humphries said. "There was enough evidence for the red card against Humphries to be rescinded and the 12 points wiped from his record," the SFA confirmed.

The Clyde manager, Alex Smith, has escaped action after being reported by a referee after a match with East Fife.

RFU pass the buck to France

Rugby Union
STEVE BALE

England, or rather the Rugby Football Union, yesterday took up with their French counterparts the stamp by Richard Dourthe which was shown by television to have opened up Ben Clarke's head in last Saturday's match in Paris.

The No 8 himself seems to be a reluctant party to the RFU's action. Having been in one or two scrapes himself, and even been the first Englishman to receive a yellow card in an international, he doubtless appreciates that complaints can be reciprocated.

Hence Dourthe has not been cited, as it was the RFU's right to do, and is instead the subject of a letter to the French federation (FFR) as opposed to a complaint. Yet André Herrero, France's chairman of selectors, confirmed yesterday that the 21-year-old centre might be sus-

pended for a game or two once Herrero had viewed a recording of the first-half incident.

Tony Hallett, the RFU secretary, said yesterday: "In consultation with Ben Clarke, we will not be citing Dourthe or taking the matter further. In not pursuing the incident beyond this letter, we are leaving it to the judgement and good sense of the FFR, who will be informed of what Rugby Special highlighted."

"Ben is still in France and I spoke to him before sending the letter. He is happy with our action. He did not see who did it and has no impression of how deliberate the injury was, but he said that he did feel it."

While the defeated English ponder their team for the match against Wales on Saturday week, Wales are poised to reintroduce Jonathan Davies to the international scene by including him in a squad of 32 for the Five Nations to be named today. If the recent re-

convert from rugby league were English, the selectors would not yet be permitted to consider him.

Time is running out for Neil Jenkins. The Pontypridd stand-off has not played since breaking a collar-bone on 16 December, and his chances of making the squad are slim. "I have got a big heart but I don't want to play if I'm not right," Jenkins said.

The Scottish Rugby Union yesterday added two more to its portfolio of paid players by placing the scrum-half Derrick Patterson and the lock Scott Murray, who were on the bench in Ireland last Saturday, on contract. The SRU also announced that Jim Telfer, its director of rugby, would manage the summer tour to New Zealand.

London will be the venue on Friday for a meeting of Europe's leading clubs to establish a Professional European Clubs' Association. The Association wants to run next season's European Cup, including negotiating the TV rights and retaining the money. Alan Watkins, page 23

Open raises prizes but cuts the cut

Golf
TIM GLOVER

Tony Jacklin peaked too soon. When he won the Open Championship at Royal Lytham in 1969, he won £4,250. The player who lifts the silver claret jug on the Lancashire links in July will receive £200,000, an increase of £75,000 on last year.

Total prize-money is going up by £150,000 to £1.4m, but it is only the players in the top seven who will benefit. The winner's cheque represents a rise of 60 per cent and the runner-up gets £150,000, an increase of £50,000.

"We have substantially increased the prize-money at the top in order to truly reflect the status of the Open in relation to the other major championships," Michael Bonallack, secretary of the Royal and Ancient Golf Club, said.

The first prize for the Open is still less than the amounts on offer for the Masters, US Open and US PGA. Last season, Ben Crenshaw won \$360,000

(£243,000) at Augusta and Corey Pavin collected \$350,000 for becoming the US Open champion. In a table of golf's richest purses, the Open also lags behind several non-European events that do not carry major status.

The Open, which makes a profit of £3m-4m a year, has abandoned the 10-shot rule by which anyone within 10 strokes of the leader after 36 holes qualified for the final two rounds. In 1991 at Royal Birkdale, the rule allowed 113 players to make the cut and last year at St Andrews there were 103 survivors. Cumbersome fields are not only inconvenient for the Open, but they cost the R and A dear in having to pay more prize money to more people. In July, only the leading 70-plus ties will survive.

All members of the European and US Ryder Cup teams from last September are exempt from qualifying and the Britain and Ireland Walker Cup side will not have to go through regional qualifying. The deadline for buying discounted season tickets for the Open is 31 January.

THE INDEPENDENT CROSSWORD

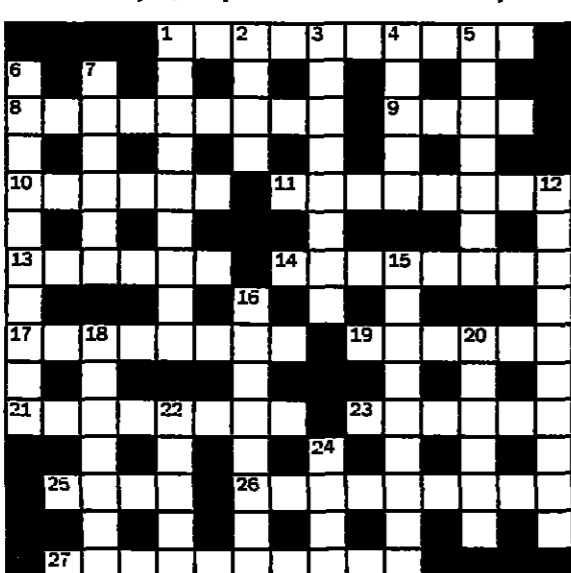
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No. 2898, Tuesday 23 January

By Andrew

Yesterday's Solution



ACROSS
1 Multiple vermicide? (5,5)
8 Hop in here, it's dirty (4,5)
9 Smart chap in a bit of comical eccentricity (4)
10 Note extremes of asthma in bad air (6)
11 Slowly move by streets with abnormal orientation? (8)
13 Aunt upset about established order of things (6)
14 One new brother's bit of archaeology is beneath one (5,3)
17 Form characters thus (8)
19 Judge left, joking about vision? (6)
21 Mocking transport on the French transport system? (8)
23 Irrational fear of father about where to cook is gripping one (6)

DOWN
25 Erratic writer heard by audience (4)
26 A number tucked in to swan cooked by pal you've never met? (3,6)
27 Short dessert to sample could leave this? (10)

7 A way of looking at things not on the level? (6)
12 Provider of sweet and pop? (5,5)
15 Perhaps Arab nation settled shore? (9)
16 After a month with traveller it appears shabby (8)
18 His recovery leaves you at a loss? (7)
20 Sought to persuade one to leave having got shot of tennis? (6)
22 Dog's mistreated in the French gatekeeper's cottage (5)
24 Responsibility attached to superpower? (4)

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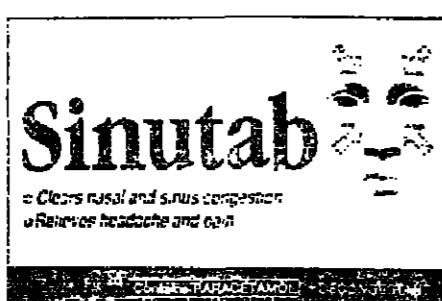
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©Published by Newspaper Publishing PLC, 1 Canada Square, Canary Wharf, London

E14 5DL and printed at Mirror Colour Print, St Albans Road, Watford

Back issues available from Historic Newspapers, 0800 906609.

Tuesday 23 January 1996 Registered as a newspaper with the Post Office



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